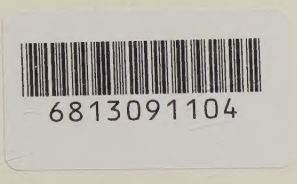
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ENGLISH ASSOCIATIONS OF WORKING MEN

BY

J. M. BAERNREITHER

Doctor of Law, Member of the House of Deputies in Austria

English Edition

(Enlarged and Revised by the Author)

TRANSLATED BY ALICE TAYLOR.

WITH A PREFACE BY J. M. LUDLOW, CHIEF REGISTRAR OF FRIENDLY SOCIETIES.

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PREFACE BY MR. J. M. LUDLOW.

Good wine, as the old saying has it, needs no bush; and I think too highly of the good sense of my fellow-countrymen not to feel sure that a work in itself of so much worth, and on a subject of such weighty import to England, as the one now introduced to the English public by the accomplished pen of Miss Taylor, would have made its own way without other aid than that of its own deserts. But if any words of mine may help it in so doing, as I am told they may, I cannot but give them.

For I know of no book, in our own or any other language, which takes so large and clear a view of the great associative movement of the English nineteenth century working class in all its forms, as this of Dr. Baernreither's. Dr. Brentano,* though anticipated in some of his conclusions by Mill and one or two other writers, fixed once for all the place of Trade Unions in economic science. Dr. Ugo Rabbeno † has shown remarkable insight in dealing with the subject of Co-operative and Building Societies. Dr. Hasbach ‡ has supplied a painstaking monograph on Friendly Societies, a subject partly dealt with in our own language by the Rev. J. Frome Wilkinson. But all these are little more than monographs. M. Nadaud, indeed, in his "Histoire des Classes Ouvrières en Angleterre," has sketched out the history of our working class in many respects with remarkable insight, though with errors of detail which do not allow his book to be relied on as an authority. A little work, long since out of print and out of date, by myself and my late valued friend Mr. Lloyd Jones, the title of which Mr.

* "Die Arbeitergilden der Gegenwart" (Leipzig, 1871).

† "La Co-operazione in Inghilterra" (Milano, 1885).

‡ "Die Englische Arbeiterwesen, Geschichte seiner Entwickelung und Gesetzgebung" (Leipzig, 1883).

Giffen has since done us the honour to borrow for a much weightier publication of his own—"The Progress of the Working Class" (Strahan, 1867)—though embracing a wider field and dealing much more summarily with the various branches of its subject, is perhaps still the one which, up to the period of its publication, covers the most nearly the same ground as Dr. Baernreither's book, though the relation between the two is little closer than that between a sketch and a finished picture by different hands, and from somewhat different points of view.

The judgment of foreigners has been paradoxically said to be that of contemporary posterity; which is, perhaps, after all, but a strained nineteenth century way of formulating the truth which Racine expresses in such choice and happy words in the Preface to his "Bajazet": "L'éloignement des pays répare, en quelque sorte, la proximité des temps." Our country could certainly never complain of so friendly a judgment as that of Dr. Baernreither. It has rather to ask itself, in fear and trembling, whether it deserves, or will continue to deserve, such a judgment.

It is right indeed to observe that the above remarks arise from the perusal only of the first volume of Dr. Baernreither's work now laid before the public, which, though setting forth the general purpose and scope of the book, deals only in detail with the subject of Friendly Societies. But, from the masterly introduction, it is impossible not to recognise how clearly the writer has seen as a whole, how distinctly in its main features, the complex task which he has set before himself; whilst the accuracy and insight with which he has treated the subject of Friendly Societies afford, I may venture to say, a moral guarantee that the remaining portions of his task will be completed in the same spirit and with the same success. I can only say that by none of his readers will his second volume be looked forward to with greater expectations of satisfaction than by the one who signs these words.*

J. M. LUDLOW.

* It is right to observe that I have only seen Dr. Baernreither's original work. But Miss Taylor's conscientious accuracy as a translator is well known.

AUTHOR'S PREFACE.

It was on the occasion of a visit to England in 1883, that the project of making the conditions under which the working classes in that country live the subject of special study, first occurred to me. I resolved to familiarize myself as much as possible with the position of the English working-man, by means of personal observation and intercourse with the representatives of his class. The hope I had entertained of acquiring in this manner material from real life, which I regard as the first requisite for treating of social conditions of the present day, was fulfilled, and after having travelled for a twelvemonth in England, Scotland, and Ireland, I felt that I had gained a sufficiently safe foundation for constructing, with some confidence, a scientific work on the subject. London, whither I always returned from my tours, was naturally the centre of my field of research, since from there I derived all the means available for my studies, and the libraries, official authorities, and public institutions in the capital afforded me the most valuable assistance for my literary labours, in conjunction with what I was able to observe elsewhere. I paid repeated and long visits to the large manufacturing towns of the North of England, particularly Manchester, Bradford, Leeds, Sheffield, and Newcastle-upon-Tyne, as being the headquarters of the working-men's associations; in the Midlands and in the South, my principal information was collected at Birmingham, Bristol, and Cardiff. In Scotland I made myself thoroughly acquainted with Glasgow, Lanarkshire, and the ship-building centres on the Clyde. In Ireland an opportunity was given me of accompanying on their circuits the Land Commissioners appointed under the Act of 1881 (44 and 45 Vict. c. 49), to assess judicial rents. In this manner I came in close contact with the peculiar relations prevailing in

the north as well as the south of the island; but the very means thus afforded me of gaining an insight into the state of things, determined me to refrain from including Irish affairs in the compass of my remarks. The working-man's question is so complicated there by political and religious elements—the causes of the present animosity between the two races are so remote, and their relations are so embarrassed and uncertain, that the study would demand a volume by itself. My scheme is confined, therefore, to an examination of the position occupied at the present day by the working-men of England and Scotland, and particularly by the working-men engaged in manufacture and trade.

German literature already possesses some admirable accounts of particular phases of working-class relations in England, among the first of them, the work of Brentano. The latter is far more than a series of mere monographs on trades-unions, since it pointedly recognises and describes those social forces to which the working-classes in England are indebted for their progress. But the results achieved by means of legislation, self-government, and self-help at the beginning of 1870, when Brentano's work appeared, have since then been powerfully developed. In the legislative measures intended to elevate the working classes in the perfecting of her self-government, and in the extension and consolidation of her institutions of self-help, England, since 1870, has made an amount of progress which, if insufficient to remove all the defects of her industrial system, may serve in various respects as a model for other European States.

A comprehensive description of the entire course of social development in England since the last century was attempted by Held, but his elaborate work remained, as is well known, a torso. I shall, therefore, be justified perhaps in repeating the attempt within a narrower compass, in a more succinct form, and confining myself to the last few decades.

The progress made in the methods of production of the present day, which depends on the ever-increasing application of mechanical power, has brought the working classes everywhere into a wholly new position towards society. Concurrently with this progress should have gone a complete transformation of the relations of this class to society in point of private and public

rights; but while the modern modes of production created, so to speak, a new class of men, the factory operatives, the legislation and the public institutions in respect of this new class of society remained far behind. The present generation is seeking everywhere to retrieve the neglect of the past. Nowhere is this being done more energetically than in England, where the working classes, by their unity and their consistent and quiet conduct, have brought about a period of reform, distinguished by the patient endeavours made to supply existing defects, by means of a series of co-operating and mutually supporting institutions. Any one who studies attentively the condition of England at the present day, will very soon discover this tendency, which is pushing forward unremittingly to the appointed goal. It manifests itself in all her various institutions and legislative enactments, and its extent and importance can only be realized by comprehending the physical and intellectual life of the working classes as a whole and, at the same time, as a part of the life and development of the entire nation. This is the point of view from which I have undertaken my present work.

The advantage of studying the social relations of foreign countries does not require to be insisted on at the present day, when the same questions are recurring everywhere. Granted that though, as regards England in particular, an unprejudiced inquiry may show that the institutions of that country bear the stamp of a specifically historical development and a peculiar national character, and that a competent observer of English institutions will guard against the error of transplanting them heedlessly on foreign soil,—still the march of western civilization and culture reveals everywhere the same general features, and one nation can learn more from another at the present day than ever. England also displays this feature in common with the other countries of Europe, that the power of Government exercises a greater influence on the life and economy of the people, only there the relation of the spontaneous energies which are at work among the people for the attainment of social objects, to the action of the Government, differs from those existing on the Continent; so that much that in England can be left to the self-help of the classes concerned, can only be accomplished on the Continent by the more vigorous

intervention of the Government. Yet on this very point the study of English institutions should act as an antidote against any exaggerated idea that a Government by its mere action can at once remedy every defect. The consideration of working-men's relations in England should convince us that State action should merely resemble a prop which supports a building so long as it is in course of construction, but which is intended to be removed directly the building is compact and complete. The necessity and duty on the Continent of taking care, wherever the action of the Government must step in, simultaneously and systematically to awaken and educate self-reliance and spontaneous activity—this is the great lesson which we should derive from the study of English relations. For whatever social form we may encounter, the future will never discover any formula which will be able to replace the energies of the individual.

I have endeavoured in the first chapter of the introduction to explain and justify the plan which I have proposed for my work. The other essays, of which the introduction is composed, are intended to state the working-man's question in connection with the general development of the nation, to consider it as part of the whole. The main body of the work, which will ultimately consist of two volumes, is devoted to an account of the various working-men's associations, with a view of making the reader acquainted with the life now led by the working-classes in England. I would add here only one remark on the arrangement of my material. In describing social relations, it is extremely difficult to combine details with general ideas; the former ought not to be too abundant, and yet they not only supply the proof of the particular statement, but also serve to illustrate it. Since the appearance of the works of Le Play, which made an epoch in regard to the science of method, no one will dispute the necessity of tracing back social relations to their individual manifestations. It is difficult, in this respect, to observe the proper mean between the too much and the too little. I have endeavoured to fulfil my task by inserting in the notes those details which appeared to me necessary, wherever they could not be incorporated in the text. The notes have, in consequence, been longer in many places than I should have wished.

The collection of the materials comprised in this volume was comparatively easy, but the task of verifying them, and eliminating what was improbable or incapable of proof was one which I could only perform by the aid of much oral information and of a correspondence maintained and continued until the completion of the work. I have received assistance from all quarters. English officials, factory and school inspectors, local authorities, manufacturers, and the officers and secretaries of the working-men's associations, have given me the most valuable support through their recommendations, information and communications of every kind; and similar assistance has been afforded me, and that invariably with the utmost readiness and kindness, by the working-classes themselves, so that I hope I am, generally speaking, safe in my conclusions. Were I to thank here by name all those to whom my thanks are thus due, I should have to write a history of my tours. I am convinced, that in no country does earnest study meet with greater interest and more active sympathy than in England. Part of my debt of gratitude, however, I shall discharge by making the reader acquainted in the course of the following pages with the men who were most helpful to me, wherever I have an opportunity of referring to their doings and their services on behalf of their country's welfare.

I must make one exception to my present reticence. I allude to the Austro-Hungarian Consul-general, Dr. von Krapf-Liverhoff, whom I beg to thank here sincerely and heartily for all the kindness and acts of self-sacrifice with which he has assisted me in England.

VIENNA. THE AUTHOR.

PART I.

INTRODUCTION

CHAPTER I.

Scope and Limits of the Work.

Miserable condition of the working classes in England forty years ago.—Peaceful revolution since the Reform Act; its causes and motive powers.—An apparent paradox.—Social improvement of the working classes.—Altered conditions of labour.—Increase of national wealth.—Economic and social elements of progress.—Development of associative life.—Friendly Societies, Trades-unions, and Co-operative Societies.—Benefit Building Societies.—Working-men's Clubs.—Social counterpoise to accumulation of capital.—Limitations to general advance of working classes in culture.—Differentiation of employments in consequence of machinery.—Fluctuations of trade and industry.—Aristocracy of workmen.—Moral value of working-men's associations; their educational importance.—Practical aspirations of the English working classes.—Higher view of wages.—Better relations between labour and capital.—Public spirit of the working classes.—Three causes of social development in England.

When, forty years ago, Frederick Engels visited the English manufacturing districts, he found the condition of the workmen and of their wives and children so deplorable, the rate of wages so low, health and morality so ruined, the greed of gain on the part of the manufacturers in general so reckless, and the State and society so indifferent, that in his well-known book describing the condition of the working classes in England, he records the gloomiest predictions, and sees no possible escape but in a violent revolution, which he regards with certainty as unavoidable. This opinion is shared by J. Venedey, who visited England about the same time, and whose account of his visit reveals the painful impressions produced upon him by the melancholy condition of the working classes. These accounts have since been frequently repeated on the authority of Parliamentary Blue Books, and the reports of the Inspectors of Factories which began, about the same time, to throw an impartial light on the relations between

the employers and employed. Marx also, in his memorable work, written much more recently, at a time when those who wished to see both sides of the question could not fail to notice that the workman himself, as well as the State and society, had begun to grapple, and to some extent successfully, with the evils of his position, was able to support his ingenious but one-sided theory upon a mass of indisputable facts, proving that the English workman, even between 1850 and 1870, lived partly under conditions which enable one to conclude how intolerable, unjust, and inimical to all progress must have been his position at that earlier period.

If we call to mind the state of things prevailing in the manufacturing districts of England at the time of the Reform Bill and of the abolition of the Corn Laws, we shall be well able to understand the gloomiest forebodings. The modern history of the West records, perhaps, no greater plundering of man by man, than that which was then committed against a large portion of the English working class. The hours of daily work were excessive, and the effect of low wages, miserable dwellings, overexertion, deprivation, drunkenness, and immorality was ruinous to the health and domestic life of the workman. Accidents, especially in the coal mines, were of almost daily occurrence. The unrestricted employment of women, girls, and children destroyed family life, and not only degraded whole classes of working people to an extent almost past belief, but crushed at once all hope of the rising generation. The truck system, the payment of wages in the public-house, and every kind of dependence on the part of the workman, seemed to close the door for ever against a better future. He abandoned himself to excess, drink, and coarse debauchery, and the generation to which England owed the fabulous spread of her industrial supremacy, her commerce, and her wealth, lived in a condition which has often enough been depicted in dark but only too faithful colours. Of the period immediately preceding the passing of the Reform Bill, it may be said without exaggeration, that England stood on the brink of a civil war, or at all events of a wide-spread rebellion among the working classes, which in some respects would have resembled a Servile War of ancient Rome. As for the Reform Act itself,

although it became the turning-point of a new era for England, its immediate result was to bring nothing but disappointments to the working classes, which found vent in the movement known as Chartism, from the so-called People's Charter, around which clustered all the vague political aspirations of the working classes, and which had become the shibboleth for the bitter exasperation felt by them between 1832 and 1848.

However, nothing occurred but local disturbances. The violent revolution which in 1844 Engels deemed inevitable, never came to pass, and any one who to-day, after a lapse of forty years, examines carefully the condition of the working classes in England, will be convinced that it never will. Whoever studies the now by no means inconsiderable mass of literature relating to the question of the working classes;—whoever reads, in the transactions of learned societies, the papers and discussions relating to social subjects;—whoever draws his information either from the columns of the daily press, or from the reports presented to Parliament (and in no other country can be found more comprehensive, conscientious, and impartial investigations into social questions than those which these reports afford);—whoever listens to the speeches of statesmen of different parties, to the landowner, the doctor, or the clergyman;—or, lastly, whoever hears what the workman himself has to say, in the north and south of England, in the cotton districts of Lancashire, in the woollen districts of Yorkshire, in the coal and iron districts of Northumberland and Durham, in the great centres of English industry in Birmingham, Manchester, Leeds, Newcastle, and Glasgow;—whoever takes the trouble, as we have done, not only in all these places, but also in many others, smaller in size but equally instructive, to inquire into the changes in the dwellings, clothing, health, temperance, morality, education, and political training of the working classes, cannot fail to arrive at the conclusion, that during the last forty years a complete revolution has been going on in the lives of a large number of English workmen, and that an improvement has taken place to an extent beyond the boldest hopes of even those who, a generation ago, devoted all their energies to the work, and who to-day, with grey hairs, but with that freshness of old age which is the reward only of an active and

successful life, look back with conscious pride upon the time of want, trouble, and anxiety.

It will be of interest, we think, to propound and endeavour to answer these questions: What are the causes and the motive powers of this revolution? what economic, intellectual, and moral means were employed in England to bring about this change? who started it? from whom the first impetus proceeded, and how that impetus was communicated to the masses, who in the last resort determine all questions of social reform? and, lastly, to what extent the progress may be regarded as assured? It is certainly an interesting problem to solve, why, in that very country whose earlier conditions have offered to German Socialism the substratum for erecting its theory of surplus value as a point of leverage for unhinging our whole social system, socialistic theories, after the fashion of French and German doctrines, have never yet had more than an ephemeral existence;—why, in a country so pervaded by the power of capital, the working classes have nevertheless been able to gain for themselves more practical advantages than in any other;—why in England, without universal suffrage, the workingman has long since acquired a greater influence upon the legislation and administration of his country than was the case, at all events until the present day, with the working man on the Continent?

We have, in fact, before us one of those apparent paradoxes, replete with interest to the observer of an epoch of culture, and at the same time demanding for its explanation far more than a mere superficial view of facts. In England we see an elaborate social system, individually perfected as nowhere else. We find the form and aspect of private undertakings reproduced even in those social institutions of the working classes which have contributed so much to elevate them, and which form on that account the subject of these pages. Nay, more, the greater the progress made in the organization of those specific institutions which minister to the wants of the working classes, the more do they assume the perfected form of those great capitalist undertakings in which England has always been so rich. And yet in this very way questions arising from the introduction of

modern processes of production have been settled, evils have been cured or alleviated, and the way paved for a state of things which in its further development will lead to an entire revolution in the relations of labour.

The explanation of this apparent paradox, and the answer to the questions already stated, is not easy, and we must at once draw attention to a difficulty. If it is simply a matter of describing a reform effected in the economic condition of a nation, or of one class of a nation, through the activity of a ruler or statesman, by adopting and carrying out the leading ideas which he imparted, the task of depicting and criticising this process presents no difficulties. We have in this case a plan before us; a system has been pursued, and, be the object attained or not, the experiment from first to last proceeds on certain predetermined lines. Whoever at the present day should seek to describe the revolution which French industry owes entirely to the genius and energy of Colbert, would have to study, no doubt, a mass of literature, laws, ordinances, administrative measures and reports, but he would always have before him, as a safe guide for the accomplishment of his task, that which Colbert sought to carry out, and which was embodied in the so-called "Mercantile System"; or, whoever at some future day may have to describe and pass judgment on the economic development of the new German Empire, will not remain a moment in doubt as to what statesman stands in the centre of his horizon. In England the most important social reform of our century has come about in quite another way. The improvement in the condition of the working classes has formed no part of any scheme of the Government, still less has Parliament proceeded systematically in this question, neither has any economic theory, like the mercantile one, united men's minds, and spurred them on in a settled direction; nor has a tribune, like Lassalle, carried the great bulk of the working class away with him. Nothing of all this has happened. On the contrary, the Government have frequently been puzzled how to deal with the working-man's movement, or have resorted to utterly wrong expedients. Parliament has rather been mastered by events than mastered them. People have troubled themselves very little about speculative

theories, and though the masses have been led, they have been led not by one, but by thousands. Peel, Disraeli, and Gladstone, the leading statesmen of this period, have worked honestly together, but neither of these names is singly identified with the period of Reform comprised in the reign of Queen Victoria, a period more important to England, in point of social and economic changes, than any other epoch of her history. The reform in the condition of the labouring classes is really the work of a politically and economically free society, led by an active and often reckless spirit of gain, but in which real ability and the sense of duty have laboured to restore the lost equilibrium. It is the fruit of the co-operation of a number of economic and ethical elements of legislation with the power of initiative, so strong and active in the English nation; in a word, the fruit of a great reaction, originating in the people themselves, and directed against the evils that weighed so heavily upon *one* class.

We have thus pointed out the one great difficulty confronting the attempt to describe and criticise this process of development. It is well-nigh impossible to treat exhaustively of all the elements, economic, moral, religious, social, and intellectual, which have worked together, and which form the real cement of all the institutions coming under our review. So interwoven are these elements with the history, customs, and character of the people, that only a complete history of civilization would be able to make the development thoroughly clear. An attempt to exhaust the subject in these pages would be synonymous with failure; and we must therefore seek a definite limit for our task.

Before proceeding, however, to designate the limit, and therewith the subject we desire to lay before our readers, we must endeavour to obtain a general point of view. In this respect we would remark, first of all, that during the last forty years economic and social causes have combined to give to labour in England a higher value and a new form. This remark requires a preliminary explanation. The reason why the working classes of England, during the first half of this century, were in a condition depicted on all sides in such gloomy colours, lay in a division of the national income which was peculiarly unfavour-

able to these classes, and brought them in but scanty payment for their labour; and further, in the utter absence of any proper correlation between work and wages. The circumstances that brought this state of things about are well known. On the labour market, oscillating with the variations of Supply and Demand, Capital and Labour confronted each other with unequal forces. When trade was bad, the artisan, if not actually discharged, was not in a condition to prevent disproportionate deductions from his wages; and when trade revived, he had not the power to gain an equivalent rise in pay. It seemed really as if an immutable law were to keep the rate of wages for ever at a minimum. The father of a family had to try to bring his wife and child at any cost to the machine, in order to swell the family income, and all had, according to the state of the trade, to submit either to overwork or to idleness, equally destructive to health and morality. To this was added the effect produced by machinery on the form of modern labour. In many trades the men were discharged, and women and children employed instead. The unlimited development of manufacturing industry caused, at the same time, a corresponding increase of purely mechanical labour, which physically and morally crippled the workman.

An improvement in this state of things was brought about by circumstances which, working side by side, can only properly be estimated in their relation to each other. They are of an economic as well as of a social nature, and were powerfully furthered between 1840 and the present time by the legislature and the Government, as well as by the associations of the working-men themselves.

In the first place it must be evident that the present economic condition of England exhibits a series of important phenomena, the result of an extension of English supremacy lasting for a century, and always striving consistently in one direction. Ever since the days of the great Elizabeth, England has been struggling practically, consistently, and with an exclusive regard to her own interest, for dominion in trade and industry, and step by step she has succeeded in making the British Isles the commercial emporium of the world, the centre of a huge colonial system, as well as the workshop of a mass of industrial products, seeking

for sale throughout the whole globe. The fruits of this historical development, which is recognised all the more clearly at the present day when other nations are seeking to imitate it, have ripened in an unexpected manner during the last fifty years. Since the Reform Act and the abolition of the Corn Laws, it would seem as if every flood-gate had been opened to set free the forces accumulated during centuries through the policy, the commercial enterprise, and the spontaneous energy of the English nation. The importation of raw products, their manufacture and exportation, the production of coal and iron out of English soil, and on the other side the importation of cheap and wholesome food—all this resembles a gigantic process of assimilation, the effects of which are seen in an ever-growing increase of production, a rise in the value of labour, and an augmentation of the national income; in short, a general advance and improvement in the economic condition of the people. This advance and improvement, powerfully furthered, as it has been, by the continuous transplanting of the surplus strength of the mother-country to her colonies, and by the reaction of this transplanting upon the mother-country, establishes the one paramount condition for the more equitable distribution of the national income amongst the various classes of the producing community,—namely, the increasing supply of that material wealth which is to form the subject of distribution.

It would be a great mistake, however, to suppose that the revolution in favour of the working classes, so far as it has already advanced, is attributable to these economic causes alone. Notwithstanding the upward tendency long pursued in the national income in England, the increase of wealth without the influence of quite another element would simply have swelled the income of that class of the industrial community which was in a position to turn the law of supply and demand to its own exclusive profit. And for a long while it seemed as if a one-sided development of this kind would actually take place in England, as if the augmentation of the aggregate income would benefit this one class alone. But the result—at least in part—proved otherwise.

A *social* element appeared, which, on the division of the great national gains, so strengthened the position of the working-men, in relation to capital, that their share was larger than it had hitherto

been. This social element consisted of the working-men themselves, united in various associations. Supported at first by a few men of the upper classes, and afterwards by ever-widening circles, by the press, literature, Parliament, and the legislature, their countless associations embarked in a struggle for a rise in wages, demanded—and demanded successfully—that the new form of labour should be regulated by new enactments of law, attempted even to assert a part in directing the process of production, and finally created a number of institutions, destined to secure to the working classes an increasing share in the progress of culture in their time.

The preceding facts supply the limits of the material we purpose comprehending in these pages. We shall endeavour to describe the rise, growth, legal regulation and success of the English working-men's associations. Within the limits of this framework we shall be able not only to examine, by means of a careful study of details, the characteristic features of these institutions, but also to ascertain how far the State has interfered, by legislation and administration, in the working-men's affairs. And lastly, a background is furnished to this picture by the general course of events in England.

England is at present the theatre of a gigantic development of associated life, which gives to her labour, her education, her social intercourse, nay, to the entire development of her culture, a pronounced direction, a decisive stamp. The tendency towards the union of forces and the working of this union are now-a-days more powerful in England than ever, and more powerful than anywhere else. The free union of individuals for the attainment of a common object is the great psychological fact in the life of this people, its great characteristic feature. This union of individual forces has operated even there, where adverse relations have sought to restrain it; but now, freed from all fetters, and yet at the same time under discipline, it has become a mighty moving wheel of social development in general, and especially in the elevation of the working classes. Since the repeal of the laws prohibiting Combinations (1824), which has been the turning-point in the history of the English working class, the working-men's associations have gained immensely in importance; they

have become more organized, more enlightened, more firmly established. The power of union, the capacity of submitting to the lead of others, the pertinacity and energy which they display in the pursuit of fixed aims, are amazing. In the course of the last decade these associations have become more and more differentiated, according to their various objects, and are now well-defined, economic, and legal institutions. The combination of the earlier, more scattered and disconnected groups into great centralized associations has extraordinarily increased their power.

What, then, are those working-men's associations of which we are treating?

The oldest form of the present English working-men's associations are the Friendly Societies. They were originally associations for support in case of sickness, old age, or death, which owed their existence more to benevolence than to strict financial calculations of risks and obligations incurred. Gradually and with difficulty they exchanged this character for that of Insurance societies, constructed on scientific foundations, and they include at the present day by far the larger portion of those benefit societies whose object is to solve for the working classes the problem of insurance in a variety of directions. The question of Friendly Societies is therefore the question of the English working-man's insurance.

The historical development of Friendly Societies is intimately connected with that of Trades-unions. The latter are associations, of which no one can now deny that the English working-man largely owes to them the improvement in his condition. They are combinations of workmen of the same or similar trades, originating in the struggle for higher wages, but now well-developed organizations, towards the furtherance of whose objects the strike is but the extreme and ultimate means; whilst in many trades, on the contrary, they have become the staunchest support of the system of arbitration. But whether *vi et armis* or by amicable settlement, they have always the same end in view: to obtain for the workman the best wages they can. The Trades-unions also insure their members, but these insurances, so far as they relate to illness and accident, form only a subordinate object, the chief branch of their activity being to

maintain those members who, through no fault of their own, are thrown out of employment. Their purview and action extend to all terms and covenants respecting labour, and they may be designated the English working-man's associations κατ' ἐξοχήν, inasmuch as their especial object is to emancipate him from his isolation as an individual, and make him the member of a brotherhood which, while imposing certain restrictions upon him, affords him real and active protection.

The associations comprehended in England under the name of Co-operative Societies have spread at length in a most surprising manner. Their functions are both distributive and productive. The primary object of the distributive societies, spread in thousands over Great Britain, and ramifying from various centres, is to sell to the working classes the material necessaries of life,—provisions, clothing, and furniture,—and certain articles of luxury. These Co-operative Societies, however, go far beyond the *Konsum-Vereine* of the Continent, being not only sale-rooms, where a moderate-sized household can procure all they require, but having in many cases libraries and reading-rooms of considerable dimensions, where recitations and concerts are given, and their members can meet for social converse or amusement. Whilst the distributive societies of this kind have met with widespread success, the productive associations in England have, on the contrary, been as yet a failure. Where they actually exist, they are in reality, though not in name, as a rule nothing but joint-stock companies, with this peculiarity, however, that the capital of the undertaking is made up of a number of petty contributions, drawn from the higher classes of the workmen.

The Friendly Societies, Trades-unions, and Co-operative Societies will therefore lead us at once to a consideration of the insurance, wage movements, provisioning, and industrial undertakings of the English workman. To these we must also add the Benefit Building Societies and the Working-men's Clubs. The first are a sort of building companies, or, more correctly speaking, house-purchase companies, whose sphere of action is connected with those great sanitary improvements which have taken place during the last ten years in the manufacturing towns, and in many cases entirely changed their aspect. These societies

will also give us occasion to advert to a subject which is daily assuming more prominence, namely, the interest borne by the English working classes in the relations of landed property. The Working-men's Clubs, finally, form a part of those institutions which offer to the labourer or artizan the means of obtaining improvement and social intercourse,—a task which has been prosecuted during the last ten years with praiseworthy zeal and undeniable success.

All these institutions have a separate existence; they are represented by independent and separate social organizations, and legislation itself has established their rights and status in separate Acts of Parliament. There is, therefore, no difficulty in considering and determining separately their rise, extension, and progress, and examining their advantages and defects, as we propose to do in the following pages. On the other hand, it is in their co-operation alone that the secret of their success is to be found. The separate study of Friendly Societies, Trades-unions, and Co-operative Societies, or of the legislation respecting factories and wages, will not suffice by itself to give a satisfactory answer to the question as to the causes which have given, and are still giving, an impulse to the progress made by the working classes in England. The key to this inquiry lies in recognising the joint working of all these institutions as an organic whole. One supplements and completes the other; one is rendered possible by the other; a mistake on this side is made up for by a success on the other. However difficult it is to describe this intertexture of organizations outwardly distinct, it is necessary to grasp the fact of its existence.

Summing up the preceding remarks, it appears plain, as we have said, that an element of association has stepped in and influenced the distribution of the national income. The process of accumulating capital has received a counterpoise in the accumulation of the social and material forces, represented by labour. Capital, as the power which by the intellectual and material combination of *inanimate* means of production, had acquired such vast and exclusive sway, has found at least a partial counterpoise in a power brought into being by a similar union of *living* energies,—the power of labour. The process of production has

remained the same, the outward form and fashion of private undertakings has even received a wider application, and extended to the working-men's associations; supply and demand have not lost their meaning and importance—but inside the old pale of political economy, the workman, face to face with the capitalist, is no longer a mere atom destitute of power or will. Capital and labour now confront one another, each with all its forces combined, and each learning to recognise and respect the equal rights of its antagonist.

This state of things is obvious to those who observe the relations of the English workman of the present day. But it is far easier to sketch out the direction taken by this development, than to state an account of the nett result gained, or determine arithmetically how far the condition of the working classes in England has improved. An entire literature is occupied with this question. Statisticians and political economists, learned societies and the daily press, vie in seeking to explain it. Working-men's meetings as well as debates in Parliament are full of it. The wage movement in individual trades, the intrinsic value of wages, the length of working hours, and the improvement of the external conditions of labour, the health of the workman, the precautions against unsanitary influences and accidents, and further, the use which the working classes have made of the advance in their material means, their progress in education and thrift, and the decrease in crime and drunkenness—all this has formed the subject of works of the highest merit, which, stimulated as they have been by the spirit so rife in England, of inductive inquiry, and fortified by the authority of official reports, are mapped out in masterly fashion. That great progress is to be noted in all the above-named directions during the last half-century becomes evident in all these publications. So far there is scarcely any difference of opinion, and also no difficulty. The latter begins when from a variety of separate investigations a *general* conclusion has to be formed as to the condition of the working classes in the aggregate; when from the wage movements in individual trades, from the prices of food and wares, from sanitary facts, and from the increasing wealth of the working-men's associations, the time arrives to pronounce inductively

a comprehensive verdict on the whole. The difficulty increases when one goes a step further and, very naturally, asks what proportion the income derived from labour bears now, and formerly bore, to the other sources of national wealth; whether the progression in the earnings of the working classes during the last ten years has been larger than that of other incomes, or whether the same, or even smaller. Each of these cases is in itself compatible with the fact that the situation of the working classes is now, absolutely speaking, far better than it was so and so many years ago. The question, however, is whether the gain is also a relative one, whether in the main the effect of the working men's associations and of social legislation has been to show that, in the three chief branches of the national income, namely, ground rents, interest on capital, and wages for labour, a displacement has taken place in favour of the income derived from labour; and whether the accumulation of English wealth in the aggregate tends to fill up the broad chasm lying between the income of the working man on the one hand and that of the capitalists and landed proprietors on the other.

We hope, by a careful and critical examination of the English working-men's associations, of the results they aim at, as well as the obstacles they have to surmount, to contribute something towards answering this question. But we must first draw attention to two salient features in the whole development of the English working class, which it is necessary to bear constantly in mind in order to prevent misconception, and which impose certain limitations on the favourable judgment already formed of the progress achieved in culture by the English workman.

The first limitation is suggested by a review and comparison of the various divisions of the great English army of labour. Every economic epoch has its fixed gradations, its hierarchy of work. Above all, it is the technical means of production which have determined at all times the stratification of the working classes. They gave their stamp to the constitution of the guilds, when industrial products were the result of handicraft, and it is they which now divide into different categories the working men who stand at the machine. The modern industrial workman is in this respect the creature of the machine and of the new division of

labour which it has brought about. Machinery has produced in all trades a differentiation of employment, tending to multiply the constituent elements of the entire working class; so that when we speak of that class generally, we include an infinite variety of talents and capacities, of work and pay, which, regard being had to the processes of modern manufacture as a whole, is certainly far greater now than ever, extending as it does from the highly-educated and well-paid manager of an establishment, down to the lowest day-labourer. But even if we restrict ourselves to the class that lives by weekly wages, the differentiation is still great, and, what must not be overlooked, it is one which, in consequence of the steady advance in technical knowledge, is to a certain extent constantly changing. We must always bear in mind that the wage-earning workmen are standing on different stages as regards their technical education and employment, their standard of wages and manner of life thus forming a large graduated scale of different occupations, intelligence, and earnings.

Now it cannot be denied that, on the whole, this scale is in England an ascending one, leading to a general amelioration of the conditions of life. But the fact of progress does not prevent the progress from being unequal, or forbid, indeed, the occurrence of single instances of standing still, and even of going back. Herein, then, lies one reason for qualifying the general eulogium. The uppermost, best-paid, and best-educated portion of the working classes in England have, doubtless, made, during the last ten years, undeniable and astonishing progress, and are at the present day in full possession and enjoyment of all those institutions which self-help and legislation have created for their benefit. But, on the other hand, the lower we descend, the smaller we shall find will be the share relatively enjoyed in all these advantages. The workmen belonging to the textile industries, the machinists, the ship-builders, the iron-workers and miners, who, with or without the assistance of their families, earn from thirty to fifty shillings a week and even more, form the class who have been accurately described by Mill as the "skilled and privileged labourers." Their number during the last ten years has very largely increased, and the progress they have made is notorious. Those numerous workmen whose weekly earnings are less than

thirty shillings may be regarded as the middle-class wage-earners. The lowest grade consists of the "unskilled labourers," who, at least in some trades, have relatively increased in number—through the very introduction of machinery.

A second feature is to be noticed in the modern relations of the working-man,—we mean the influence exercised by the fluctuations of industry and trade. These lead to fluctuations in the money value of labour, and to uncertainty in the employment of the workman himself. Every economic epoch imprints its stamp on the relations of the working classes. Professor Thorold Rogers, in his admirable work, "Six Centuries of Work and Wages," has pointed out that from the fifteenth century, which he terms "the golden age of the English labourer," till about the middle of the seventeenth century, there was a steady deterioration of the conditions which influenced the lot of the working classes; that the nadir in this history of the degradation of labour began about the time when king and Parliament were struggling for supremacy; that then again an improvement commenced, which lasted till the middle of the eighteenth century, and was followed by a new relapse, which reduced the English workman at the beginning of the present century to a state of truly pitiable distress. Since then the condition of the working classes has, no doubt, made decided progress; but the modern course of industry, with its insatiable productive energy and temporary over-production, creates, inside this great movement, fluctuations or "business cycles," as they are called in England, which, as regards a large portion of the working classes, make the conditions of labour more precarious and unstable than ever. If we follow only the latest phases in the movement of trade,—the depression of 1866–1870, the revival of 1870–1874, the more recent depression of 1874–1879, and the partial revival since 1880, which was succeeded by another relapse; or if we select any concrete examples of the variations in wages, whether it be, for instance, the piece-work earnings of the puddlers at Darlington, which varied from 8*s.* per ton in 1869 to 13*s.* 3*d.* in 1873 and 7*s.* in 1879, or the daily wages of the Scotch coal-workers, amounting to 3*s.* 9*d.* in 1870, to 9*s.* 11*d.* in 1873, and to 3*s.* 2*d.* in 1878; and if, lastly, we take into account the fact that each depression not only involves a reduction of

wages, but also throws a portion of the workmen out of employment altogether, we have done enough to point out the all-important fact which imposes a second and essential limitation, to qualify the favourable judgment of the progress of the working classes in England. So far as concerns the workman who is not deprived of employment altogether, the question is one of, perhaps, very straitened means, but not of absolute want. The misery begins with the failure of work, which in England affects larger and larger numbers of workmen, as soon as a glut in the market sets in. It is at such times that the power of resistance inherent in the English character asserts itself in the most marvellous manner; but still the weaker individuals succumb to the strain, and swell that dark residuum of English society which teems in the destitute quarters of London, Glasgow, Liverpool, and other large cities, and whose utterly forlorn condition remains the gloomiest feature of English civilisation.

This configuration of working-class relations renders a general judgment extremely difficult, and explains how it is that statistical dissertations on the wage-income and the growing savings of the working classes, such as have appeared frequently in England of late years, usually encounter contradiction. All arithmetical data are correct only as regards certain grades of workmen and certain relations. If we compare the various opinions expressed in England itself as to the progress made by the working classes in culture and refinement, we find that, as regards the progress itself, nobody, as we have said, disputes it, but that people differ widely as to its extent and degree. This is not to be wondered at. It is not only that a natural optimism influences the one party, who are anxious above all things to demonstrate the progress already achieved, while an equally natural pessimism impels the other, who stands, perhaps, in immediate contact with the shady side of the development; but, above all, these cardinal questions have to be considered: By what process of induction was this or that conclusion arrived at? What particular part of the whole complex subject was observed? Under what conditions was this done? And, lastly, according to what method were the results appraised? The works of Porter, Dudley Baxter, Leone Levi, Giffen, Thorold Rogers, and many others, will

frequently recur to our notice in the course of these pages. We shall certainly not fail to pay careful attention to their calculation of averages, and the results based by them on the law of large figures; but we shall not exaggerate the value of statistics. Our object is, rather, to put clearly before our readers the inner forces of the working-men's movement, as well as the different forms which social self-government has assumed in England.

We renounce, therefore, at the outset all design of passing a judgment on the extent and operation of the wage movement and the conditions of labour generally; but we shall endeavour to point out the element that determines the upward advance in the life of the working classes in England. This element undoubtedly lies in the fact that in England there has gradually been formed an aristocracy of workmen, a kind of vanguard, which already counts many hundred thousands, and which is daily growing in numbers. This vanguard consists of the members of those working-men's associations which we purpose to describe. They are the organizing force of the English working classes, whose interests they represent as their superiors, while reaching a helping hand to those of their brethren whom they seek to raise from the lower grades.

Viewed in this light, the real importance of the working-men's associations becomes apparent. It does not consist only in the fact that these associations provide means of insurance to the workman, protect his interest as a wage-earner, and supply him with food, healthy dwellings, and places of social resort,—but they add to these immediate objects a great deal more. Friendly Societies are not only associations for purposes of insurance, but bodies which undertake to teach their members to practise thrift and providence and care for the future. Trades-unions are no longer one-sided combinations for the purpose of obtaining higher wages, but the champions and guardians of the economic interests of the workmen in a broad and legitimate sense. Co-operative Societies are not simply social institutions, which procure practically for the English workman the advantages which he derives so abundantly at the present day from the importation of cheap food and the cheap production of many articles of industry, but

schools in which he learns to understand business life in all its bearings and with all its difficulties and dangers.

And still more than all this, the English workman, who has established and who directs all these countless associations of the most various kinds, has ceased to be an inactive spectator of the proceedings of the State and society. His life has received a new purpose and character. His evening, his Saturday afternoon, and partly also his Sunday, are now devoted to an intellectual work which brings him into close contact with all kinds of financial, social, and legislative questions. His understanding and his insight in economic matters are increasing; he is learning by his own experience to recognise the difficulties which oppose themselves to the carrying out of social institutions; he is becoming more moderate in his claims, calmer in judgment, and more contented with success. On the other hand, he is losing nothing of that pertinacity in the pursuit of his ends which has always been his distinctive characteristic. Step by step, by his meetings, journals, and congresses, he is attracting the general interest of the public, acquiring an influence in local bodies and in Parliament, and becoming a more active, independent, and powerful factor in State life. But the main thing is that his world of thought is filled with things clearly practicable and attainable, and that no Utopias find place in it. It would be an entire error to suppose that the English workman does not extend his thought to the distant future, or picture to himself one very different from the to-day; but in his acts and conduct he reckons with present facts, and he employs the freedom of movement which he enjoys without limit in his associations, to obtain one thing after another.

No more striking words have ever been uttered with regard to this than by the American Minister, Mr. Russell Lowell. In a great inaugural address which he delivered (6th October, 1884), as President of the Midland Institute at Birmingham, he said: "It is only when the reasonable and practicable are denied, that men demand the unreasonable and impracticable; only when the possible is made difficult, that they fancy the impossible to be easy."

Upon the whole the English workman confines himself to what

is possible. Marx lived in England for years without having been able to gain any appreciable influence over the English working classes, the majority of whose leaders know him only by name. Now it is impossible to deny that during the last few years, more especially in connection with the land question, socialistic watchwords hitherto unheard have found their way into assemblies of English workmen, and that theories of continental socialists have spread and even acquired a certain influence. But neither Henry George, with his ideas of expropriation; nor Hyndman, with his notions derived from Marx, which he is seeking to propagate among the unemployed, will succeed —unless some unforeseen and over-mastering events upset all existing prognostics of development—in effecting any change in the method which the English working-man has deliberately and consistently adopted. On the contrary, all these new-fangled ideas, however soaring and ambitious they appear at first sight, will be turned by the English people into the peaceful channel of reflection, where they can be quietly dealt with by all concerned in them, and where whatever is sound in them will eventually be transformed into practical schemes of solid benefit to the working classes.

In close and constant connection with this attitude of the working-man stands the fact that the views of all classes in England have completely changed with regard to the question of wages. The Englishman of to-day thinks quite differently on this subject to the Englishman of forty years ago. The question is no longer regarded as one simply economic, but social and ethical. Not only do science and the legislature fearlessly deduce the logical results of this change, but the very classes, who some twenty or thirty years ago selfishly endeavoured to resist them, now readily accept the consequences of their new position. In this manner the relations between capital and labour have unquestionably drawn closer together in England than in any other country in Europe. The power developed by the workmen through their associations first procured for them the recognition of their interests, while the moderation they have shown has gained them the respect and sympathy which they now universally enjoy. Unanimous as is the verdict as to the improvement

in the lot of the working classes in general, nowhere is this fact more cordially and generally confirmed than in England. The deep-rooted distrust between capital and labour has been, even if not entirely eradicated, still essentially mitigated. The touchstone of this happier disposition is the treatment of the question of wages. Both sides have been brought in England to treat this question as one of common concern, and to recognise each other as entitled to equal rights and an equal share in its solution. Each party has learned to understand the point of view and the legitimate interests of the other, and to take account of their calculations and claims. We are far from saying that in the intercourse between the representatives of labour and capital there is no rough jostling of conflicting views and interests; nay, this intercourse is still often entirely broken off, and the rupture ends in a strike. But we hope, in our second volume, to be able to show clearly, from the ever-growing importance of the Boards of Conciliation and Arbitration, as well as from the whole position taken up by the associations of employers in respect of those of the employed, and the indirect effect these associations have also had upon the manufacturers and workmen outside them—how the relations have assumed a peaceful character, how far this mutual *rapprochement* has extended, and what fruits it has borne.

If now we are asked what are the prospects opened out by this demeanour of the English working-men, we must decline to quit the ground of actual fact or cast a horoscope. Nothing short of an exhaustive inquiry into the development of the working-men's associations will afford a glimpse into the vista of the future. This much, however, is certain, and may be affirmed at once, that the English working-man feels his interests to be inseparably bound up with those of the great industries of his country. Since he has obtained more and more an equal voice in the great process of production in England, this process is become his own concern as well. The English working-man has made enormous progress in comprehending the political situation of his country in respect of trade and industry, and he is resolved to make efforts and even sacrifices on its behalf, as the Lancashire artisans did so nobly in the cotton famine during the American War of Secession. Certain it is that, were England put to the proof, her working

classes would be found in the forefront of those willing to make sacrifices.

Reverting briefly, in conclusion, to the foregoing introductory remarks on the progress of the working classes in England, we are confronted with three great decisive facts as the conditions on which the development of their culture depends. Firstly, there is the gigantic process of production, which, after centuries of preparation, now imports from foreign countries, in colossal dimensions, cheap food as well as raw stuffs, and exports for sale throughout the world the manufactured products, increased by the treasure found in English soil. Secondly, there is the great social movement, which directs and governs the march of English thought, science, and legislation. Lastly, there are the great characteristics of the English people, the power of self-help and of self-government. On these pillars rests the social development of England. It will be expedient to consider each of these points separately, before proceeding to the main subject of our work.

CHAPTER II.

Greater Britain.

Historical aspect of industrial production in England.—Discovery of the New World.—Merchant Adventurers.—Maritime apprenticeship of England.—Three periods of her Expansion.—The Mercantile System.—The Navigation Act.—Theory of the Balance of Trade.—The Methuen Treaty.—Treaty of Utrecht.—Loss of the American Colonies.—Acquisition of India and Australia.—Peace of Vienna.—England mistress of the seas.—The new Colonial System.—Growth of England's commercial supremacy.—Adam Smith and Free Trade.—Mr. Huskisson's reforms.—The Anti-Corn Law League.—Increase of production since 1840.—Effects of mechanical improvements.—Statistics of Exports and Imports.—Increased consumption of foreign food.—The wage-earning population.—Preponderating importance of manufactures.—Over-production and depression.—Foreign competition.—The Fair Trade Movement.—Protection in America and on the Continent.—Importance of the Colonies.—Comparison of foreign and colonial Exports.—Foreign and colonial food-supply.—Imperial Federation and the working-classes.—Effect of English national expansion on English views.

Industrial production in England has an historical background, which alone renders it intelligible. Politics, the spirit of enterprise, the progress in mechanism and chemistry, as well as in human skill, have been labouring for centuries, like concentric forces, for the attainment of one object, the establishment, improvement, and extension of all branches of the great industrial process of production. The wealth accumulated in this way, even at an early period, and the trained energies of the English people, have offered increasing means for the pursuit of this object, so that the development of the industrial system has made not only constant, but astonishing progress.

Frederick List, who has thrown such valuable light on the commercial policy of England, rightly appeals to English history

for evidence to prove how closely general politics are connected with political economy. He has shown how England has acquired power by her policy, productive energy by her power, and wealth by her productive energy; and further, how, in consequence of her policy, England has accumulated power on power, and multiplied her capabilities of production.

The facts and events brought about by England's industrial position in the world reach back to the time when the discovery of the New World brought a total change in the history of mankind. Humboldt, in the second volume of his "Cosmos," describes in charming language how the Oceanic discoveries of the fifteenth and sixteenth centuries doubled to the inhabitants of Europe the works of creation, and at the same time offered to human intelligence a new and powerful incentive for the perfecting of natural science, and how the acquaintance of the European nations with the western hemisphere led to a correct and enlarged conception of the universe. Along with this broader view of the physical world went an extension and transformation of political ideas and aspirations, a total revolution in the system of commerce, as well as a rise of new and important political communities, in the shape of colonies and settlements. Italy and Germany at that time were pushed into the background, whilst the five Western Powers: Portugal, Spain, Holland, France, and England, contended for the possession of the New World. The rivalry of these five nations for the New World, as Professor Seeley shows in his admirable work,* sums up a large part of the history of the world since the sixteenth century. As an Englishman himself, he can take pride in expatiating on this reflection, since it was England who issued victorious from the contest.

At the close of the fifteenth and beginning of the sixteenth centuries, when the New World began gradually to be opened out, England appeared to be the least concerned in it. She took no part in the decisive voyages of discovery, and still in Queen Elizabeth's time was called "in a great pool a swan's nest." During the century following the voyages of discovery

* J. R. Seeley: "The Expansion of England," London, 1883.

by Columbus and Vasco de Gama, while in Spain that stream of wealth was pouring over the peninsula, which excited there the lust of adventure without promoting any capacity for business, and caused a revolution in property and prices without giving to the mother-country any sound economical basis; while, together with the gold, came also that "breath of poison" which was followed by the extraordinary torpor and enervation of the seventeenth century;—England had forcibly but finally struggled through the Reformation and, in organizing her State and self-government, laid the foundations of that internal strength, unity, and spontaneous activity, on which rose the fabric of her future greatness. It is true that under the two first Tudors English merchants had undertaken voyages to Newfoundland and Labrador, but without any permanent assistance from the State. It is as if fate from the very first had thrown the English nation upon Self-Help. It was the time of "Merchant Adventurers," men who, as Schanz says of them, "did not restrict themselves to any settled route or settled place, who ventured forth, not as instruments and emissaries of the Government, or mere organs of finance and exchange, but independently on their own account, and ploughed the seas wherever they could, establishing trade connections, founding settlements, and obtaining value for English wares." * The defeat of the Spanish Armada in 1588 concluded this maritime apprenticeship of England with a brilliant proof of her capacity. After that the nation turned her eyes from insular matters to the ocean and the New World, and then began her great maritime and industrial career, the construction of a Greater England—Greater Britain.

Queen Elizabeth, at her death in 1603, had left the English people fully equipped to enter on that career, which they pursued with a recklessness and consistency that has excited in turns the hatred or admiration of the world. Speaking roughly, we may divide this expansion of England into three great periods, occurring about the seventeenth, eighteenth, and nineteenth centuries. These periods exhibit, in proportion as her external

* Dr. George Schanz: "Englische Handelspolitik gegen Ende des Mittelalters," p. 332.

power expanded, a corresponding increase and elevation of her internal forces, the whole combining to perfect that grand system of trade and industry which governs the social history of England, as well as her economic theories, and the thoughts and wishes of her people.

In the seventeenth century the great personality of Cromwell stands as the central figure of that policy which aimed at the extension and consolidation of England's power abroad. Blake and Monk commanded the English fleet which, in the naval war with Spain, won Jamaica and Dunkirk. Out of the "swan's nest" arose a rival of mighty Holland, mightier even than she. This new naval power was thrown back, it is true, under the feeble and demoralised government of Charles II. But the check was only temporary, for two circumstances co-operated more and more in favour of England against the Dutch. The first was her superiority in population, compared with which Holland possessed then, as now, too small a basis in the mother-country for colonial expansion; and the second was her insular position, while Holland was exposed to constant invasions in the continental wars. The English colonies were perpetually expanding; Carolina and Pennsylvania were founded, New York and Delaware were taken from the Dutch, and the first settlements were formed on the West Coast of Africa. The result was, that at the close of the seventeenth century, just a hundred years after the defeat of the great Armada, a royal dynasty, which had come into hopeless collision with the intellectual development of England, had been dethroned, and the island kingdom had not only gained a position of equality among the great naval powers of Western Europe, but was preparing to out-do all competitors.

Not only, however, did the English emerge victorious from their wars with Holland, but they also made the commercial policy of the Dutch, which in the first half of the seventeenth century was at the height of its prosperity, the subject of the most assiduous study, and imitated it with such success that the customs revenues in England, which in 1580 had amounted only to £14,000, rose in 1642 to £500,000. The seventeenth century was also in England the century of *mercantilism*. This epoch is

everywhere distinguished by the fact that governments and peoples now began to recognise the importance of wealth to the power of a State and the progress of its inhabitants, and did their utmost to obtain as many commodities as possible for themselves. It was a time, not of cosmopolitan, but of national ideas, and each Government tried to gain the greatest advantage to its country from intercourse with the world. These efforts produced a number of administrative measures and economic theories, all tending to the same object, all contributing to educate the national mind more and more in this direction, and all awakening in Western nations the desire to become great, powerful, and wealthy.

We should only be repeating well-known facts were we to remind our readers how at that time the extension of political power, the encouragement of navigation, and the spread of trade and commerce began to be accepted everywhere as maxims of State; how England in particular promoted her home manufactures together with raw production in her colonies, and transplanted negro labour from Africa to the West Indies; and how the English spirit of enterprise began to assert its activity in all directions in the numerous companies for Spanish, French, and African trade. It is more important to recognise that the mercantile measures, which a later theory subjected to such sharp criticism, were *relatively* right, since they enabled people to obtain what they wanted. The views represented by the Balance of Trade and the Navigation Act are the poles on which turns the commercial policy of England in the seventeenth century, the basis on which the English continued in later times to build under different circumstances and with altered theories and altered laws. The success of the Navigation Act was so complete that even Adam Smith calls it the wisest of all the commercial laws of England. Modern writers recognise its importance more clearly than ever. "The only direct blow," says Cunningham,* "which was struck by the English Government at Dutch commerce was the Navigation Act of 1651. Its aim—and an aim in

* W. Cunningham: "Growth of English Industry and Commerce," Cambridge, 1882, p. 327.

which it was very successful—was to divert as much as possible of the carrying trade of the Dutch into our hands. This, even more than her success in the Indies, had been the envy of English merchants: it had been urged in 1641 that neither our import nor our export trade could be profitably developed, but that England was admirably situated for becoming an emporium for all nations and for doing a large carrying trade for the rest of the world. By forbidding the export or import of goods except in English ships or the vessels of nations to which the goods belonged, the carrying trade of the Dutch between English and foreign ports was at once stopped: though there were more than once slight relaxations, the Navigation Act was maintained until the aims of its most sanguine promoters had been more than accomplished."

As to the Balance of Trade, no doubts are any longer entertained, for we know that its theoretical basis was unsound, but that the practical measures of that time were successful in collecting and training the domestic forces of the nation. We quote the same author again on this point, because he is at once quite modern and quite unprejudiced.

"To keep," he says,* "a commercial balance in our favour was, according to them, the best means of maintaining the *treasure* of the prince and the purity of the current coin of the realm. But it was also necessary for the statesman to watch the state of this balance, as it served as a *criterion* of the condition of the country, by analogy with the individual craftsman it was argued that the man who bought more than he sold would soon come to poverty, but that if a man sold more than he bought, that his affairs were in a good condition, and that he was in a position to save money. The analogy was, however, false; it is undoubtedly the case that a nation which consumes more than it produces is in a bad way, but it is not possible to identify exportation with production, or importation with consumption. In many cases imports may be necessaries of life without which production cannot continue: such in the present day is corn; in our day too there has been a great exportation of capital, owned by English subjects but used

* *Ibid.*, pp. 314, 315.

abroad, and a great importation of the profits on foreign investments: all these things render exportation and importation a most imperfect representation of national production and national consumption. In the seventeenth century, however, matters were very different: England supplied all the thrifty wares she needed, her exports consisted of a surplus stock of the necessaries of life, her imports on the other hand were mere luxuries, spices, wines, silks, etc.; if the value of the imports exceeded that of the exports, it showed that we were consuming a quantity of mere luxuries that was greater than our surplus stock of necessaries. The balance of trade did as a matter of fact serve as a very rough criterion of the economical condition of the country."

It was this criterion which, in the eighteenth century, when the repressive and violent period of Mercantilism was succeeded by a period of diplomacy and treaties, induced the English to ratify or reject their conventions, according as the balance of trade showed the superiority or weakness of England in the various branches of home manufacture, as against this or that foreign country. Thus, for example, while in the so-called Methuen Treaty,* the real importance of which has been so brilliantly established by List in opposition to the hostile criticism of Adam Smith, a convention was concluded on these principles with the industrially weaker kingdom of Portugal, whereby a market was opened for the woollen goods of England, Parliament, on the other hand, rejected the most-favoured nation clause of the Treaty of Utrecht (1713), which would have secured an import of French wines, brandies, silk, oil, paper, etc., to the value of more than £1,700,000 a year, against which England then could only reckon on exports to France, made so prosperous, industrially, by the policy of Colbert, of the annual value of £270,000.†

* Concluded in 1703. It was abrogated in 1834. [*Note to the English Edition.*]

† Macpherson's "Annals of Commerce," 1805, vol. iii. p. 31. The same author makes a remark elsewhere, which we cite to show what a practical view Englishmen have always taken of their commercial relations. "On the other hand," he says, "there are branches of trade which would be ruinous if the imports did not exceed the exports, or, in other words, if the balance were not *unfavourable*, according to this standard of estimation. Such is the trade with all our West India settlements, which have been formed and supported by British

Cleverly, however, as England laboured by means of treaties and enterprise and improvements in manufacturing skill, as well as by the organization of her system of money and credit, since the establishment of the Bank of England (1694), to advance her position in the world, it was after all by force of arms that she eventually acquired it. In the eighteenth century, or, more strictly speaking, from 1688 to 1815, during the second great period of her history which we are considering, Greater Britain, the creation of Queen Elizabeth, contended with Greater France, the creation of Colbert, for the sovereignty of the seas, which at length she acquired beyond dispute. The treaties of Utrecht (1713), of Paris (1763), and of Vienna (1815) are the landmarks of this expansion of England.

Until the last quarter of the eighteenth century this expansion appeared to be boundless. By the Peace of Utrecht England obtained Newfoundland, Nova Scotia, and Hudson's Bay from France, and Gibraltar, Minorca, and the right of negro traffic to the Spanish South American provinces from Spain; by the Treaty of Paris she gained Canada, a portion of the Lesser Antilles, some coast territory in Africa, and military advantages in India. The first check she suffered was in 1776, when the American colonies declared their independence, which England was forced to recognise in the Peace of Versailles (1783), ceding at the same time Florida and Minorca to Spain, and Tobago and the Senegal with its dependencies to France. But thanks to British energy and the bold and indomitable perseverance of the English race, the way was prepared about this very time for a new and still larger expansion of England; for almost in the same decade when she lost one great colonial empire, she gained the keys to two others. It was at this very time that Lord Clive laid the foundations of the East Indian Empire and Cook took possession of New South

capitals, and in a great measure owned by proprietors resident in Great Britain. Therefore the outward cargoes are to be considered as the stock employed in the culture of the plantations; and the homeward cargoes are in fact the proceeds of that culture, the excess of which is not a loss to the nation, but the real amount of the net profits coming into the pockets of the proprietors, and giving a very comfortable demonstration how much the amount of the product is more than the prime cost. In other words, the outward cargoes are the *seed*, and the inward cargoes are the *harvest*."—*Ibid.*, vol. iii. pp. 342, 343.

Wales. And now began the last act of that great struggle waged by England with France for a hundred years for the dominion of the seas. The loss of the American colonies, which the elder Pitt had been unable to avert, through the obstinate narrow-mindedness of George III., was destined to be brilliantly retrieved by the policy initiated by the younger Pitt. By dint of unparalleled exertions and sacrifices, England gathered together all the material and moral forces at her disposal, to annihilate at sea first the French Republic and then the French Empire, together with its allies. In the twenty-one years of that contest the English fleet captured or destroyed a total of 1,110 ships of war belonging to France, Holland, Spain, Denmark, Russia, and other nations, of which no less than 115 ships of the line, 9 fifty-gun ships, 215 frigates, and 349 sloops and smaller vessels were French,*—a catalogue of ships, the full significance of which is shown by Porter's statement, that, in the year 1811, out of the 24,106 vessels of 2,474,774 tonnage, forming the commercial navy of the United Kingdom and its dependencies, 4,023, with 536,240 tons, were admitted to British registry as good prizes.† On the maritime ruin of other sea-faring nations England gradually built up the fabric of her *θαλασσοκρατια*. The Peace of Vienna put its seal to it. Heligoland, Malta, Ceylon, Mauritius, the Cape, together with large territories in the East and West Indies, and on the coasts of South America and Africa, were then added to England's former possessions, and have remained so ever since.

During the half century ending with the Treaties of Vienna (1815), the specific energies of England had also been indefatigably exerted at home. Her commercial genius, her industrial activity, and her inventive talent had not only succeeded, despite war and foreign dangers, in retaining what she had won, but had struck out new paths, increased her home products, and inaugurated, with the inventions of Arkwright, Hargreave, Crompton, Cartwright, Watt, and Whitney, a totally new method of production. The expansion gained by England in the war opened out for all these accumulated forces a wide field of action

* Fonblanque's "How we are Governed," ed. 1858, p. 126.

† G. R. Porter: "Progress of the Nation," ed. 1851, pp. 394, 396.

Reviewing her historical position at the time of the Peace of Vienna, it must be admitted that, through her successful conduct of the war, as well as the specific energies of her people, she had obtained all the conditions that enabled her to become the great commercial and industrial nation that she is at the present day. The manner in which she turned this position to account, in the various directions taken by her moral and intellectual progress in the nineteenth century,—the third period of her modern life,—will always remain one of the most interesting examples of the development of a nation. This development, however, only concerns us so far as it has determined, and still determines, the condition of the working classes. We shall, therefore, discard all details and confine ourselves to stating those cardinal facts which, in our opinion, govern the general economic and social condition of England in the nineteenth century. They form the points of view from which we shall afterwards consider: what are the guarantees of progress as regards the most important part of the community at large, namely, the working classes who have entered on this new path of development; what dangers beset them on this path; in what direction there is still room for further efforts; and to what limits those efforts are probably subject.

With this object in mind we shall attempt to show, in a brief survey, the direction taken by the colonial system and the commercial policy of England and the revolution effected by modern machinery in the process of production.

In the statement made by Lord Chatham in Parliament, that the British colonists in America had no right to manufacture even a nail for a horse-shoe, and in the speech of Sir Robert Peel in 1842, when he demanded that the colonies should be treated as integral portions of the Empire, is expressed the entire change experienced by the colonial policy of England. The old system regarded the colonies as dependencies of the mother-country, as large domains for the creation of raw produce, and as markets reserved for English manufactures: the new system regards them as members of the same body. Politically, the new colonial system means in the first place a vast expansion of the idea of the English State. "There might easily have been a great

emigration from England which would not in any way have enlarged the English State. For by Greater Britain we mean an enlargement of the English State, and not simply of the English nationality. It is not simply that a population of English blood is now found in Canada and in Australia, as in old time a Greek population was spread over Sicily, South Italy, and the western coast of Asia Minor. That was an extension of the Nationality but not of the State, an extension which gave no new strength, and did not in any way help the Greek name when it was attacked and conquered from Macedonia. In like manner at present we see a constant stream of emigration from Germany to America, but no Greater Germany comes into existence, because these emigrants, though they carry with them, and may perhaps not altogether lose, their language and their ideas, do not carry with them their State. This is the case with Germany because its emigration has happened too late, when the New World is already carved into States, into which its emigrants are compelled to enter, as with Greece it was the result of a theory of the State, which identified it with the city. But Greater Britain is a real enlargement of the English State; it carries across the seas not merely the English race, but the authority of the English Government. We call it, for want of a better word, an Empire. And it does resemble the great empires of history in this respect, that it is an aggregate of provinces, each of which has a government which is sent out to it from the political head-quarters, and which is a kind of delegation from the supreme government. But yet it is wholly unlike the great empires of the Old World, Persian or Macedonian, or Roman or Turkish, because it is not in the main founded on conquest, and because in the main the inhabitants of the distant provinces are of the same nation as those of the dominant country. It resembles them in its vast extent, but it does not resemble them in that violent military character which has made most empires short-lived and liable to speedy decay." *

This enlarged idea of the State, which had been invoked, though in vain, by Burke, at the time of the American War of Inde-

* Seeley's "Expansion of England," pp. 42, 43.

pendence, and which Peel was the first to put forward as the programme of the Government, owes the great progress it has made in the minds of Englishmen up to the present day, above all, to the revolution in England's commercial policy. The circulation of commodities throughout her world-wide empire was enormously quickened by the triumph of Free-trade principles, and closer commercial contact strengthened the political ties which had been originally formed by occupation or conquest. The acquisition of the colonies, therefore, means a correspondingly large expansion of the field of English economics.

The English system of Free-trade is to be explained not by theory, but mainly by history. How England at length succeeded, through the efforts of her Government, the extension of her colonies, the immigration of foreign workmen and manufacturers, and the mercantile system, in changing from a country that exported only particular articles of industry which could not be consumed at home, and imported only certain articles of luxury, such as spices, wine, silk, etc., into a huge workshop, drawing raw material from all parts of the world and disposing in all quarters of her manufactured wares, has been described by List, if in a one-sided manner, nevertheless with accuracy of perception. He has shown us—and the soundness of his judgment is confirmed by the most recent English writers — that England's woollen manufacture formed the basis of her industrial development, wool having been the first commodity that made its way to foreign markets, and thus stimulated a number of other branches of production and promoted the increase of navigation. "From the woollen trade," he says, "sprang all the other branches of manufacture, as off-shoots from a parent stem; it is the basis of the industry, the commerce, and the naval supremacy of England."

The course of this development was guided, and, apart from a few undoubtedly wrong measures, happily guided by a series of acts of State, such as the imposition of import and export duties, as well as the restriction and even prohibition of the freedom of navigation. But there came a time when the growth of industrial production in England had so advanced, and her maritime trade assumed such dimensions, that all these measures

were felt to be so many cramping and mischievous restraints. That was the time when England's ascendancy in all these respects was gained, and her superior strength in the *free* interchange of commodities with other nations was bound to assert itself still more. It was natural that the recognition of the change thus effected in the peculiar interest of England was only slow and gradual, even in those circles which in the long run derived the most advantage from Free-trade. But already in the eighteenth century, the development of industry, commerce, and navigation had sufficiently advanced to enable a discerning eye to foresee what principles would shape the national economy of the future. The merit of this insight, pursued with rare gifts of observation and power of logic, will always belong to Adam Smith. The form in which he states the results of all his investigations must not mislead us. It is the form of a theory which, since his time, has misled many into construing his statements into a doctrine applicable to all circumstances alike, whereas, in fact, he simply stated the natural course of development which England was necessarily bound to pursue. For in his work, notwithstanding that it seems a skilful unity, it is possible to separate the generalisations due to the influence of the *doctrinaire* physiocrats of France from those classical investigations derived from an inductive study of history, which convinced his cotemporaries that England's industry, commerce, and navigation had infinitely more to gain by freedom of movement than by the restrictions existing at that time. The influence of his work was enormous, for he expressed the formula of the future. Free-trade was bound to come in England, for it lay in the womb of her material development.

But it did not come at once. Its birth was delayed, in the first place, by the war with Napoleon; and even when that war was ended, more than a quarter of a century had to elapse before all prejudices were overcome. Free-trade measures, like all reforms in England, were introduced only by degrees, and their ultimate achievement was the result of a series of cautious and successful experiments. It was Huskisson in particular who, when in office, took the first decisive step. At his instance, in 1822, the restrictions on navigation were partially removed, and

his customs tariff of 1824 already contained the characteristic features of reform. He not only changed prohibitions into moderate duties, but also lowered the latter, especially those on raw stuffs. Had Huskisson not met his death by an accident at the opening of the railway from Liverpool to Manchester in 1830, the Free-trade movement would very likely have been settled ten years before it was. But, after his death, long-continued attacks had to be made on the customs system before it gradually fell to pieces. Prominent among the agitations of that period was that of the Anti-Corn Law League,—that great movement of which Cobden was the leading champion both in and out of Parliament, and during which the English working classes for the first time, though by no means with a unanimous voice, took part in the discussion with the same lively interest that they evince in all the economic questions of the present day. Attempts were made at different times, by means of a sliding-scale, adjusted according to the current price of wheat, to arrange a compromise between the increasingly urgent demands of industry for cheap food and the interests of those concerned in maintaining the Corn Laws; but the stone had been set rolling, and no one could now arrest its course. Scarcely a session passed without the reduction or abolition of a duty, till at length, between 1842 and 1846, the contest was terminated by the virtual repeal of the corn duties, and the triumph of the Free-trade system all along the line. In 1846 Sir Robert Peel, who had become, much against his original intention, the political exponent of Free-trade ideas, was able to declare in Parliament, with perfect truth, that England by the remission of her duties upon the raw material, by the incitements offered to skill and industry and by competition with foreign goods, had defied her competitors in foreign markets, and had even been enabled to exclude them.*

Thus began the new phase in the economic history and commercial policy of England, which brought to unexpected maturity all the conditions, as well natural as acquired, which were re-

* Speech in the House of Commons, 27th January, 1846. Hansard, Vol. lxxxiii., 3rd series, p. 278.

quisite for her industrial expansion. What Huskisson had already said in Parliament in 1826,—namely, that the nation which has the largest trade must necessarily derive also the largest advantage from the establishment of free international commercial relations,—the English people by their untiring energy, and the English Government by means of skilfully-framed treaties of commerce, concluded on the footing of equal rights, but carried out between countries of most unequal industrial powers, made a practical reality far exceeding all predictions.

The advance made by English production since 1840 is, in fact, enormous. Economically, it is due to that circulation of raw products and manufactures which Free-trade did so much to promote; technically, it is due, on the contrary, to the development of mechanical power, which, though established long ago, never exercised its full influence on the extension of production until the middle of the present century. This extension has been promoted as much by the increased facilities for transport, as by the improvements in manufacture. In the first place, the network of railways, which since 1840 began to spread over the whole of England, and then steam navigation, have enabled that circulation to attain its present volume and rapidity. At the close of the year 1842 the railways in the United Kingdom extended over 1,857 miles; at the end of 1855 the mileage had reached a total of 8,280; and at the end of 1883 this total had increased to 18,681, along which were conveyed in the same year nearly 684 million passengers (exclusive of season-ticket holders), and more than 266 millions weight of goods and minerals. The statistics of shipping tell a similar tale. During these three years, the total tonnage of British and foreign vessels entered and cleared at ports in the United Kingdom, increased from 935,000 tons in 1842, to 18½ million tons in 1855, and 65 million tons in 1883.* Between 1870 and 1880 the carrying power of the commercial navy of England increased to the extent of about seven million tons.

* The figures in the text are taken from the Statistical Abstracts for the United Kingdom, 1840–1854, 1855–1869, and 1870–1884; and from the Annual Statements of the Trade of the United Kingdom with Foreign Countries and British Possessions.

To the influence exercised by mechanical improvements in the various branches of production on the social condition of the working classes, we shall frequently have occasion to refer. But we desire to touch here on that aspect of the question which is connected with the increase of production. Complex and many-sided as is the history of modern, and especially of English technology, the effect and operation of the new system of machinery may be comprehended in a general point of view. This effect is felt in point of power, space, and time. Dynamically, the work performed by the machine with the same power is out of all proportion to that performed by manual labour. Leone Levi, in his "Work and Pay," calculates that if all the yarn were spun by hand which is spun in England in the course of a year by the machine, which spins 1,000 threads simultaneously, 100,000,000 men would be necessary to accomplish it. In point of space, the machine has concentrated the process of production in large mills, kept going by a common motive power, so that a single large weaving establishment, worked by machinery, comprises in one building as many looms as were formerly contained in several villages of weavers. Nor is the saving in time thus effected less remarkable, since production, which in individual trades was more or less piece-meal and slow, is now concentrated in this respect, and therefore far more speedily accomplished. A most striking instance of this is given in the German edition of John Percy's great work on metallurgy, where, in reference to the refining process of iron, we find it stated that to convert 100 cwt. of pig-iron into malleable iron, by employing one refining apparatus, the old method of refining in the charcoal hearth lasted one and a half weeks, the puddling lasts one and a half days, and the Bessemer process only twenty minutes.

We pass over at present those other facts which exercise a specific influence on English production, and which we shall have to deal with to some extent later on,—for example, the intensity of manual labour in England, the advantages of her climate, the treasures of coal and iron in her soil, and her water currents used as motive power,—and would only touch briefly on the vast increase which that production has experienced since 1840. In doing so we must confine ourselves to large figures. A glance

first at trade in the aggregate, then at the great staple articles of iron and steel, wool and cotton, and, lastly, at the importation of the chief necessaries of life, will suffice for our immediate purpose.

Earlier writers, such as Macpherson and others, estimate the total value of English imports and exports for 1760 at 26½ millions sterling, and for 1800 at 74 millions. In 1840 it had increased to nearly 103 millions, and in 1883 * reached a total of no less than 732 millions. Thus the total trade of England, within the period we are considering, increased nearly seven-fold; and it must be borne in mind that these figures, owing to the fall in the prices of most articles of merchandise, give only an approximate index to the still larger augmentation in the volume of trade.

The total exports of iron and steel since 1840, taking the volume and declared value together, show the following scale of progression :—

Year.	Tons.	Declared Value.
	Millions.	
1840	0·26	2·55
1845	0·35	3·50
1850	0·78	5·35
1855	1·09	9·46
1860	1·44	12·15
1865	1·61	13·47
1870	2·82	24·03
1875	2·45	25·74
1880	3·79	28·39
1881	3·82	27·59
1882	4·35	31·59
1883	4·04	28·59
1884	3·49	24·49†
1885	**3·13**	**21·70**
1886	**3·83**	**21·81**

* Statistical Abstract, 1870–1884, p. 35.

† *Note to English Edition.*—In the German edition this table concludes with 1884. I have thought it useful to add the figures for 1885 and 1886; they show to some extent the depression of business during these years, and thus modify our conclusions in one or two particulars, but without affecting their general soundness.

With regard to wool, we subjoin, side by side with the total exports of woollen manufactures of all kinds (*i.e.*, yarns and stuffs, including worsted, carpets, and mixed stuffs), the total imports (*i.e.*, sheep, lamb, llama and alpaca), and also a separate column showing the excess of imports, or the quantities of foreign wool which have been manufactured in England, and which, together with her home produce, form the raw material for her woollen industry.

Year.	Imports in lbs.		Exports			
	Total.	Excess of Imports.	Yarn.		Stuffs.	
			Lbs.	Value.	Yards.	Value.
	Millions.					
1840	49·43	48·42	3·79	0·45	68·37	5·32
1845	76·81	74·15	9 40	1·06	106·83	7·69
1850	74·42	59·93	13·79	1·45	150·51	8·58
1855	99·30	69·84	20·40	2·02	133·03	7·71
1860	148·39	117·63	27·53	3·84	190·37	12·15
1865	212·20	129·76	31·67	5·42	279·20	20·10
1870	263·25	170·70	35·53	4·99	292·70	21·66
1875	365·06	192·99	31·72	5·09	317 53	21·65
1880	463·50	226·10	26·46	3·34	262·35	17·26
1881	450·14	184·55	29·73	3·23	272·87	18·12
1882	488·98	225·01	31·83	3·39	265·21	18·76
1883	495·94	218·71	33·48	3·26	255·90	18·31
1884	526·52	249 60	39·27	3·89	290·27	20·13
1885	505·68	238·18	43·49	4·38	272·98	18·84
1886	596·47	284·46	45·65	4·41	279·60	19·73

With regard to cotton, we compare below the totals imported into England and there consumed, with the exports of cotton yarn and cotton manufactures, both in quantity and value.

It would lead us too far afield to enter into other branches of industry. But we must observe that it is exactly in a number of smaller manufactures that a far more decided expansion has hitherto taken place than in the larger staple articles, a fact of no inconsiderable influence on the gross result of the movement

Year.	Imports.	Exports.			
	Lbs.	Yarn.		Stuffs.	
		Lbs.	Value.	Yards.	Value.
	Millions.				
1840	553·81	118·47	7·10	790·63	17·56
1845	679·06	135·14	6·96	1,091·68	19·15
1850	561·10	131·37	6·38	1,358·18	21·87
1855	767·38	165·49	7·20	1,937·73	27·57
1860	1,140·59	192·20	9·87	2,776·21	42·14
1865	675·06	103·53	10 34	2,575·69	46·92
1870	1,101·19	186·07	14·67	3,266·99	56·74
1875	1,229·49	215·60	13·17	3,562·46	58·59
1880	1,404·08	215·54	11·90	4,495 64	63·66
1881	1,471·35	254·93	13·16	4,777·27	65·92
1882	1,519·11	238·25	12·86	4,349·39	62·93
1883	1,487·10	264·77	13·50	4,538·88	62·93
1884	1,497·50	270·90	13·81	4,417·28	58·93
1885	**1,219·47**	**245·80**	**11·86**	**4,374·51**	**55·11**
1886	**1,517·18**	**254·33**	**11·48**	**4,850·21**	**57·36**

of English trade and manufacture. An example of this occurs in the jute trade, which since 1870 yields the following figures:—

Year.	Imports.	Exports.			
	Cwts.	Yarns.		Stuffs.	
		Lbs.	Value.	Yards.	Value.
	Millions.				
1870	2·37	12·66	0·19	51·92	0·78
1875	3·41	15·94	0·22	102·10	1·40
1880	4·63	16·83	0·23	183·20	2·25
1881	4·92	18·06	0·24	204·29	2·36
1882	5·93	21·85	0·28	212 48	2·39
1883	7·38	21·17	0·26	227·25	2·50
1884	5·08	27·26	0·31	242·84	2·45
1885	**5·71**	**30·70**	**0·27**	**215·07**	**1·90**
1886	**5·34**	**30·70**	**0·27**	**216·10**	**1·80**

But the most interesting example of the interchange of com-

modities which is now being carried out in England, is unquestionably the increase in the imports of articles of food required for her home consumption. We give the figures relating to wheat, bacon and hams, beef, and raw sugar, in hundredweights, and those relating to tea (so far as it is retained for home consumption and not re-exported) in pounds.

Year.	Wheat and Wheat Meal.	Bacon and Hams.	Beef.	Raw Sugar.	Tea.
	Million cwts.				Million lbs.
1840	10·56	0·006	0·029	3·59	32·25
1845	4·95	0·005	0·08	4·85	44·19
1850	20·97	0·35	0·13	6·09	51·17
1855	13 94	0·24	0·23	7·32	63·42
1860	31·84	0·32	0·26	8·81	76·81
1865	25·84	0·71	0·24	10·25	97·83
1870	36·90	0·56	0·21	12·79	117·55
1875	59·54	2·63	0·21	16·26	145·32
1880	68·45	5·33	1·01	17·00	158·32
1881	71·34	4·62	1·06	18·65	160·05
1882	80 56	2·90	0·69	19·83	164·95
1883	84·55	3·69	1·09	20·36	170·78
1884	66·17	3·41	1·09	19·62	175·06
1885	**81·28**	**4·05**	**1·14**	**19·42**	**182·40**
1886	**65·79**	**4·21**	**0·99**	**16·13**	**178·80**

Reckoned per head of the population, the respective amounts for the years 1860, 1870, 1880, and 1883 are:—Wheat, 118, 122, 210, and 250 lbs.; bacon and hams, $1\frac{1}{2}$, 2, 16, and 11 lbs.; raw sugar, 34, $41\frac{1}{2}$, 54, and 62 lbs.; tea, $2\frac{1}{2}$, 4, $4\frac{1}{2}$, and $4\frac{3}{4}$ lbs.

The above few figures will, perhaps, suffice to give the reader an idea of the industrial expansion that has taken place in England since the year 1840. In ever-increasing proportions England has imported foreign raw materials and food, enlarged her manufactures, and at the same time established a scale of increasing production and increasing wealth which has become of the utmost importance to the social condition of the country.

Our only object in reverting to the basis of this development has been to show how wide is the field in which the English working-man forms that link of the chain which occupies our especial attention. For the development of English industry is

a historical fact, which has caused a complete revolution in the aggregate condition of the population of England within a space of scarcely a century. History affords, perhaps, no other instance of so entire a change, effected within relatively so short a period, not only in the life and habits of a large part of a nation, but also in their traditional relations. How the system of manufactures, with its network of railways, has created new towns and enlarged old ones in a manner formerly unknown; how whole counties have changed their economic character, and agricultural been converted into manufacturing districts; how the rural population has been attracted by the manufactories, and the manufacturing population itself, through the system of wages and the employment of women and children, received an inducement to multiply, and thereby furnish constantly new hands for new manufactures, —all this has long been a matter of notoriety. It was under these conditions that the population of the United Kingdom—to say nothing of the surplus given to the colonies—increased from 11 millions in 1760, to 16 in 1800, to 27 in 1840, and, lastly, to more than 36 millions in 1885. Our concern, however, is with that portion of the population which is composed of the working classes. Rich as England is in statistical information, it is impossible to state at once how numerous are the wage-earners of the present day, since it is impossible to trace the exact line of demarcation between them and the lower middle classes, as well as the temporary recipients of public relief. Professor Leone Levi * estimates the total of the working classes broadly at 12,200,000, distributed among $5\frac{1}{2}$ million families, an estimate with which Mr. Giffen agrees so far as to reckon the number of families at 5 millions.† The number of wage-earning workmen engaged in manufactures is calculated by Leone Levi at $6\frac{1}{2}$ millions out of the above total, while Jeans puts it at nearly 8 millions.‡ Other authorities give still higher figures. According

* See his report prepared for Sir Arthur Bass, in the *Times* of 23rd January, 1885.

† "The Statistics of the Working Classes in the Last Half-century," by Robert Giffen, London, 1883.

‡ J. S. Jeans: "On the Comparative Efficiency and Earnings of Labour at Home and Abroad," in the *Journal of the Statistical Society*, vol. xlvii., Part v., December, 1884.

to these estimates, the industrial workmen amount to nearly a quarter of the total population of the United Kingdom. This quarter of the population—if such it be—is at the present day directly dependent on manufacturing industry,—directly dependent on that industry being remunerative, and directly dependent on its being stable and constant.

How these altered conditions of life have brought to many millions of people entirely different relations of life,—a new world of thoughts, aspirations, cares, and results; how the industrial community is in fact a new form of human settlement; and how this population, in their character, tastes, and aptitudes, have become, so to speak, a new race, with new wants and entirely new claims on society, legislation, and the State,—all these matters will frequently occupy our attention. Closely connected with them is the question, What provision has been made for the future of this industrial system, the basis of the England of to-day, on which her whole modern life, and, in particular, the present and future of her millions of working-men depends? The best heads in England, of all classes and parties, are at present occupied with this question. Experience and science combine in giving the answer, on which England's attitude in the immediate future, her measures, laws, and policy in this respect depend. The English working-men's associations stand in the very centre of this movement, and take the liveliest share in the discussion; for they know that it concerns themselves most nearly of all. We will therefore endeavour to characterise the situation as a whole.

If, with this object, we consider the United Kingdom by itself, without its colonies, we cannot deny the one-sidedness of the development. Adam Smith himself, as is well known, designated it as the great object of political economy not to give any preference to foreign as compared with inland trade, on the ground that the wealth and power of the country depended on the equal importance of both. Malthus also regards those countries as especially fortunate, where "the resources in land and the capitals employed in commerce and manufactures are both considerable," but where "neither preponderates greatly over the other."*

* "Essay on Population," ed. 1826, vol. ii. p. 146.

He reckons up a number of advantages resulting from this equipoise, and says that "it is the union of the agricultural and commercial systems, and not either of them taken separately, that is calculated to produce the greatest national prosperity." * The present state of England no longer answers these conditions. Her manufacturing system far preponderates over all other interests; and the process of manufacture has become, during the last half century, more and more dependent on sale in foreign markets. No one, indeed, will wish to undervalue the great advance made also in England's power of consumption, and the consequent importance of her home market. Nevertheless, the Englishman's main attention is rightly directed to the fluctuations in sale abroad; for he knows that the foreign market now determines the prosperity of English manufactures. This fact is also proved by the figures already cited, which show how largely England stands in need of the importation of the most necessary articles of food. Porter reckons that between 1801 and 1810 600,946 persons in England were fed on foreign wheat, estimating the yearly consumption at eight bushels per head; in 1841–1849 the number had already risen to $2\frac{1}{2}$ millions; † and at the present day it amounts to half of the entire population of the United Kingdom. The 250 lbs. of wheat per head, imported by England for home consumption in 1883, tell an eloquent tale; and if to this we add the fact that the cultivation of wheat in England, which in 1869 covered 3,688,000 acres, in 1883 covered only 2,613,000—being a decrease of more than a million acres in these fourteen years—we have shown pretty clearly the direction in which the development moves.

And yet in this very one-sidedness lies, or at all events has lain hitherto, the magnitude of England's economic progress. The law that governs a particular manufacture—namely, the cheap supply of raw materials and food, and a brisk sale abroad—has become the law of English economics in general. All the powers and energies of the nation have been exerted in this direction, and have achieved a brilliant result through the

* "Essay on Population," ed. 1826, vol. ii. p. 161.
† "State of the Nation," p. 143.

augmentation of production, the widening of the labour-market, and the realisation of enormous industrial profits. The net result of all this is an increase of the national wealth—of the material for distribution between landed property, capital, and labour—the aggregate increase of which may perhaps be estimated by the returns of property and profits assessed to the income tax, amounting in 1855 to 308 millions sterling, in 1865 to 396 millions, in 1875 to 571 millions, and in 1882 to 601½ millions. A penny in the pound income tax yielded in 1853 the sum of £809,000, and in 1884 no less than £1,970,000, or more than double.

In spite, however, of all these brilliant results, it is impossible to conceal that England has to contend with growing difficulties in order to maintain her position. Englishmen themselves are well aware of the fact. "This world-wide demand" (for English goods), says Mr. Cunningham,* "has been so great as to give an extraordinary stimulus to particular branches of trade; but the effect has been that English capital has flowed, and drawn English labour in its stream, into the directions that were pointed out by the demands of foreign countries, not by the demand of our own. And this has introduced an extraordinary degree of instability into all our industries; the state of our chief trades depends directly and immediately on circumstances which lie as completely beyond our control as the state of the weather. Depending, as our manufacturers do, not only for a sale, but for materials and food, on foreign countries, any social change in foreign lands, or rupture between foreign countries, may be a most serious matter. In olden days the policy of our country determined the direction of our trade; in the present generation there is a danger lest the needs of our trade should reconcile us to a policy that has for its sole object the avoidance of disturbances, which, in the interests of our industry, it would be recklessness to face. The Civil War in the States opened our eyes to the dependence of one great branch of our trade on that country; a quarrel with any European power might seriously endanger our food supply; while there is hardly a petty quarrel

* "Growth of English Industry and Commerce," pp. 406, 407.

in any distant region which does not affect the demand for our goods. Just because England has come to be the workshop of the world, she is no longer self-sufficing nor mistress of her own fate. This has been very prominently borne on most minds—even during a period of peace—by the hostile tariffs of other countries, and their effect on our trade. However true it may be that such tariffs affect the wealth of the country that imposes them more than they affect ourselves, this is comparatively beside the mark, so long as they inflict, and are likely to continue to inflict, a very serious blow upon the industries by which we live."

Undoubtedly, in the course of affairs hitherto a series of hindering elements have intervened. In the first place there are causes of complaint which are by no means novel in the history of English manufacturing industry. Between 1870 and 1874 production advanced with such leaps and bounds, and so outran the demand, that the inevitable consequence was a commercial crisis and a serious fall in prices. Since at the same time very large capitals had been invested in almost all branches of manufacture, and those capitals could not possibly be immediately withdrawn, inasmuch as countless new establishments had been founded and the old ones enlarged, this cause of over-production still to some extent continues, and prevents any real recovery of the market. Add to this the fact that England of late years has had a succession of bad harvests.

But there are deeper-lying causes still to account for the prevailing depression. England has lost much of her carrying-trade since direct communication between other nations has increased, nor does there appear any prospect that in this respect a change will take place again in her favour. In regard also to her exports a remarkable symptom is apparent. The quantity and value of her exported articles no longer keep pace with each other, the value of the articles, notwithstanding the increase of bulk, being stationary, and in some cases even lower than before. The fall in prices which this fact reveals is the consequence of the greater efforts and sacrifices that England is obliged to make in order to dispose of her ever-growing quantity of products; it is a significant proof of the successful competition of other nations, and involves a reduction of profits as well in commerce

as in manufactures. Professor Neumann-Spallart, a competent authority on the subject, estimates that Great Britain's share in the commerce of the world amounted in 1875 to 24 per cent. of the entire aggregate of foreign exchanges of all countries, but had sunk in 1882 to a percentage of 19·50. In like manner, according to his computation, her share in the industries of the world exhibits a relative decline; for example, in the case of coal, which, as compared with the total production of other countries, fell from a percentage of 53·6 in 1868 to 40·7 in 1883, as also in regard to pig-iron, the production of which declined from 44 per cent. in 1876 to 39 per cent. in 1883.* North America and Germany in particular show in some industries a much more rapid progress than England. But in regard to these calculations, it should not be forgotten, quite apart from the caution with which all these general statistics must be received, that the argument they contain can only claim a relative weight. It is naturally much easier to make strides, expressed by high percentages, in the first stages and starting from small beginnings, as most of the other countries did until within the last few years, in comparison with the already highly-developed industries and navigation of England. An increase expressed by percentages shows naturally a more rapid progression in the case of small figures than in that of large ones; and on this account it would be as well to suspend any summary judgment on the so-called decline of England, so long as the absolute bulk of her trade and manufactures, apart from merely temporary fluctuations, still continues, in spite of all competition, to increase.

This much, however is certain, that foreign competition will, at least, put English supremacy to the proof, and that this supremacy can hardly be maintained to the extent it has been hitherto. Up to a certain point, the free-trade arguments, so prominently advanced of late by Mr. Giffen, that the very increase in the production and power of exchange on the part of other countries is a condition of the growth of English manufactures, which require exchangeable commodities as a set-off for their own products, is doubtless correct; but the danger lies, not in

* F. X. von Neumann-Spallart: "Die Verlegung des wirthschaftlichen Schwerpunktes," published in the *Deutsche Rundschau* for July, 1885.

the fact that other nations produce more than they did formerly, but in this, that, as a consequence of that increased production, they either exchange fewer commodities with England than before, seeking, as they do, to buy the raw material direct with their own manufactured goods, and to protect their own market by levying duties, or attempt, with the help of lower wages, to underbid English labour in the world's market, and even in England herself. We cannot obviously enter here into the question as to what prospects other countries have of achieving the success for which they are striving; but it is undeniable that England is at present placed somewhat at a disadvantage in having limits imposed upon her foreign trade, to which she was formerly a stranger. Mr. Jeans, in his latest work,* cites an array of remarkable statistics. In 1871 England's exports to Russia were 60 per cent., as compared with those of Germany; in 1881 the percentage had decreased to 49. In 1873 England exported to Sweden and Norway considerably more than Germany; in 1882 the proportions were reversed. The same was the case as regards Belgium, which in 1872 received £2,000,000 more in goods from England than from Germany, while in 1882 she took about £1,500,000 more in German than in English wares. France imported in 1872 about half as many goods from Germany as from England; in 1882, on the contrary, her German, as compared with her English imports, were 65 per cent. The same results are shown in the trade with the United States. In 1872 the English imports thither amounted to 40 per cent. of the aggregate, in 1882 the percentage was only 26. Between 1873 and 1882 English exports to Chili showed an absolute decrease, while those of Germany and Italy increased. In the same years, English exports to China exhibit only a small increase, whilst the exports thither from the United States were multiplied sevenfold, those from Europe sixfold, and those from Japan were doubled.

This state of things has given rise to a movement in England, which aims at supplanting the hitherto unassailed principles of Free-trade by those of what is known as Fair-trade. A Fair-trade League has actually been formed for the propagation of

* "England's Supremacy; its Sources, Economics, and Dangers," by J. S. Jeans, London, 1885.

a new law of international trade, which, briefly stated, maintains that England should treat other nations like for like, duty for duty, free-trade for free-trade, and retaliate against those countries which impose new or maintain old restrictions against England. The recent appointment by a Conservative Ministry of a Royal Commission to inquire into the depression of trade and industry originated in fears and desires of this description. We do not belong to those who believe in the success of these endeavours, for it means in its consequences the retrogression of the whole development which has hitherto taken place in England; and, moreover, notwithstanding all menacing signs of foreign competition, there appears no occasion at present, or for a long time to come, to introduce so great a change, for we can point out in the aspect of the industrial position of England, side by side with those menacing symptoms, also hopeful features.

A circumstance must first be mentioned, to which our attention has so frequently been drawn in England, not only by theorists, but also by large manufacturers. This is the relative advantage derived by England from the commercial policy pursued by the United States, her most formidable competitor, as well as by the States on the Continent. Jeans has stated this point very clearly in his work already mentioned:—

"It may seem a paradox, but we nevertheless maintain it to be true, that England would probably have more to fear from other manufacturing nations if they abolished their protective duties, than she has now that they are in operation. Why is this? Simply because so long as the present system of protection is maintained, protectionist countries are little likely to be able to compete with a free-trade country in neutral markets. But, on the other hand, if countries now protectionist, and equally endowed with ourselves in the matter of natural resources, were to forswear their economic fallacies, and become converted to the true faith, they would be likely, in course of time, by throwing off the fetters that now impede their proper development, to prove formidable rivals in the markets to which they are now denied access. Suppose for a moment that the United States were able to produce textiles as cheaply as Great Britain, there would, in that case, be no good reason why the

stuffs of Massachusetts and Connecticut should not successfully compete with the same products made in England, in markets all over the world. It may be said that there is the ocean freight against American manufacturers; but it need cost no more to export the manufactured article than it now does to export the raw cotton whence England produces the manufactures that have secured her a reputation in all parts of the world. It is the same with many other commodities, the raw materials of which are more or less largely imported from America. But it is obvious that so long as the United States artificially keep up the price of their manufactures by high wages, expensive works, dear transportation, and so forth, they cannot hope to obtain an outlet for manufactures that are produced in competition with those that England is happily enabled to supply under a system of Free-trade, which, if it does not mean high wages, means perhaps more than equivalent advantages in cheap living, low rents, inexpensive clothing, and other advantages to employer and employed alike. The working man in the very heart of England—in Birmingham, Manchester, or Bradford—is able to purchase breadstuffs as cheaply as the Russian peasant or the Massachusetts cotton operative, while he can purchase most of the luxuries and conveniences of life much more cheaply."

We can add nothing to these words to show more clearly the advantage England enjoys in this respect. But a circumstance of far more importance to her industrial position is her relation to her colonies. The unfavourable signs we have referred to above disappear when we turn our eyes from Great to Greater Britain.

Against the difficulties occasioned by the accumulation of a gigantic population of workers, by the stagnation in her hitherto existing markets, and by her dependence on other countries in regard to raw materials and food, England possesses in her colonies a reserve, the value of which is increasing every year. Mr. Goschen, by no means one of those dreamers of expansion, as are some of his fellow-countrymen, spoke on this subject in 1885 as follows:—"I think," he said, "that, looking to the picture of industry and commerce now, the chief hope is this, that the teeming millions of the old country may find customers in the teeming and increasing millions in Greater Britain beyond the seas. I should be sorry to be a statesman who would in any

degree attempt to minimize the value of our colonial possessions, or the value of foreign dependencies. This is not a question only for statesmen and politicians. It is a question for the working classes of the country; it is a question for every trader, for every manufacturer, for every merchant. It is there that we may see cause for hopefulness, there where populations are increasing, and we may confidently trust that there we may still maintain our supremacy." * In reality, there is no subject that engrosses at present more eager attention in England than the relations of the mother-country with her colonies.

In the first place, those colonies demand consideration as a vast field for labour. British North America, with her 3,372,000 square miles, and Australia, with her 3,104,000 square miles, received respectively, from 1840 to 1883, no less than 1,200,000 and 1,380,000 British emigrants, and still offer unlimited space for the surplus labour of the mother-country. The advantage enjoyed by the Englishman in finding in those territories a climate that allows Europeans not only to live, but also to endure physical labour, and in not only retaining in his new home the language and customs, the religion and laws of his native country, but finding them already established there as the existing order of things, facilitates what has hitherto been called emigration, but what is becoming more and more, in the eyes of Englishmen, a mere transfer of active labour from one portion of the empire to another. It has been justly observed that, owing to modern means of intercourse, Quebec is now for all practical purposes as near Liverpool as Liverpool was near London at the time when General Wolfe stormed the heights of Abraham, and that communication between London and India is now easier than it was between London and the Highlands in the middle of the last century. "The mother-country," says Professor Seeley, "having once for all ceased to be a step-mother, and to make unjust claims and impose annoying restrictions,—and since she wants her colonies as an outlet both for population and trade,—and since, on the other hand, the colonies must feel that there is risk, not to say also intellectual impoverishment, in independence,—since, finally, intercourse is ever increasing, and no alienating force is at work to counteract it, but the dis-

* Speech at a meeting of the Manchester Chamber of Commerce, 23rd June, 1885.

cords created by the old system pass more and more into oblivion, it seems possible that our colonial empire so-called may more and more deserve to be called Greater Britain, and that the tie may become stronger and stronger. Then the seas which divide us might be forgotten, and that ancient preconception, which leads us always to think of ourselves as belonging to a single island, might be rooted out of our minds. If in this way we moved sensibly nearer in our thoughts and feelings to the colonies, and accustomed ourselves to think of emigrants as not in any way lost to England by settling in the colonies, the result might be, first, that emigration on a vast scale might become our remedy for pauperism; and secondly, that some organisation might gradually be arrived at which might make the whole force of the empire available in time of war." *

Among the working classes these ideas have made great progress, but those very grades of the working population who are bound to solve in this manner the problem of their existence are destitute of the means of doing so. The well-paid and in every way strong worker in England is scarcely yet compelled to seek for work in New Zealand or Canada, whilst the needy and weaker have not sufficient money, energy, or knowledge to cross the seas without State aid. England will, therefore, be obliged, as was once the Roman Empire, to assist colonisation in the interests of State. Measures of this kind are already emphatically demanded, and those by the very advanced wing of the great English workingmen's party. "A great national measure of colonisation would not only relieve the glut of labour at home, but in time repay the cost to the nation, by turning those who by their competition for work lower the value of labour into future customers for our home manufactures. I do not think there would be any great difficulty in finding the right men willing to leave their poverty behind them, if the Government would decide to establish them in the colonies." †

We come now to the second great function performed by the colonies, as markets for English manufactures. As such we have to consider not only the boundless territories of Canada and Aus-

* "Expansion of England," p. 298.

† So speaks a trades-unionist at the Remuneration Conference (Report, p. 154), to which we shall hereafter have occasion to refer.

tralia, an inexhaustible field for the expansion of the English race, but especially India, as well as England's minor colonies, dependencies, and harbours scattered over the globe, and forming so many outlets for her spirit of enterprise;—outlets which, if closed in this or that particular quarter, her skill, pertinacity, and courage have, at all events hitherto, succeeded in reopening in another, and thereby drawing new regions and populations into the compass of her trade.

In forming a judgment, therefore, of the position occupied at present by productive industry in England, it is essential to institute a comparison between the movement in colonial and foreign markets.

A clear conception on this point is obtained at once by comparing the totals of English exports to foreign countries and British possessions from 1870 to 1883. The total value of English exports (including British and foreign and colonial produce) to the various foreign countries amounted in 1870 to £188,689,245. During the two years of inflation it increased so rapidly as to amount in 1872 to £248,979,616; and in 1883 it sank again to £215,036,149, a figure which, roughly speaking, has been maintained pretty constantly during the last three years, and which may therefore serve as a standard of present expansion.* This means an increase in the total exports since 1870 of about 14 per cent. On the other hand, the total value of exports to British possessions amounted in 1870 to £55,391,332, and since then has increased without any great bounds forward, but almost without any relapse, to £90,400,921 in 1883, being an increase since 1870 of about 63 per cent.†

This parallel will appear the more evident from a comparison of the following tables. They give the exports of specially British produce, firstly, to the six leading commercial countries of the Continent, and secondly, to the five principal colonies, and show the extent of the respective markets for English products.

* "Statistical Abstract, 1870–1884," pp. 38, 39.

† *Note to English Edition.*—The value of exports to foreign countries has fallen from £215,000,000 in 1883 to £186,000,000 in 1886, a decrease of 13·4 per cent., while the value of exports to the colonies in the same years has fallen from £90,000,000 to £82,000,000, a decrease of 8·8 per cent.

Declared Value of British and Irish Produce Exported from the United Kingdom to the following Foreign Countries.

Year.	In million pounds sterling.					
	Germany.	France.	Holland.	Belgium.	Russia.	United States.
1840	5·57	2·37	3·41	0·88	1 60	5·28
1845	7·05	2·79	3·43	1·47	2·15	7·14
1850	7·41	2·40	3·54	1·13	1·44	14·89
1855	9·79	6·01	4·55	1·70	—	17·31
1860	13·35	5·24	6·11	1·61	3·27	21·66
1865	17·74	9·06	8·13	2 93	2·92	21·22
1870	20·41	11·64	11·22	4·48	6·99	28·33
1875	23·28	15·35	13·11	5·78	8·05	21·86
1880	16·94	15·59	9·24	5·79	7·95	30·85
1881	17·43	16·97	8·89	7·07	6·15	29.79
1882	18·51	17·42	9·37	8·08	5·77	30·97
1883	18·78	17·56	9·50	8·32	5·03	27·37
1884	18·72	16·74	10·23	8·50	4·99	24·42
1885	**16·41**	**14·97**	**8·87**	**7·80**	**4·19**	**21·99**
1886	**15·67**	**13·61**	**8·19**	**7.12**	**4·42**	**26·82**

Declared Value of British and Irish Produce Exported from the United Kingdom to the following British Possessions.

Year.	In million pounds sterling.				
	India (with Ceylon and the Straits Settlements.	Australia.	North American Colonies.	Cape of Good Hope and Natal.	Hong Kong.
1840	6·02	2·04	2·84	0·41	—
1845	6·70	1·20	3·55	0·64	1·53
1850	8·02	2·60	3·23	0·79	0·50
1855	10·91	6·27	2·88	0·79	0·38
1860	19·31	9·70	3·72	2·06	2·44
1865	20·39	13·33	4·70	1·70	1·54
1870	22·53	9·89	6·78	1·85	3·40
1875	27·28	19·49	9·03	4·90	3·59
1880	33·70	16·93	7·70	6·62	3·77
1881	32·60	21·37	8·41	7·07	3·61
1882	32·12	25·36	6·69	7·49	3·03
1883	35·22	24·21	9·15	4·55	2·89
1884	33·95	23 89	8·65	4·10	3·21
1885	**31·63**	**25·16**	**7·20**	**3·82**	**3·75**
1886	**33·44**	**22·38**	**7·88**	**3·30**	**2·31**

By these figures it appears that from 1840 to 1870 the exports to the six principal foreign countries increased more rapidly than those to the colonies, but that after 1870 the proportion began to change. The total value of British produce exported to the above-mentioned foreign countries in 1883 is only about 4 per cent. more than in 1870,—namely, £86,598,916 against £83,088,325, while the corresponding exports to the colonies show an increase of about 70 per cent., or £76,043,772 against £44,482,856. The growing importance of Australia is especially striking. The Australian market has widened since 1870 at such a rate of progress—the further course of which it is impossible to foresee,—that at the present day its importance is nearly equal to that of the United States market.

From these facts and figures, which could be considered from various points of view, and might be supplemented by a host of details, it is plain that the colonial market has shown of late years a relatively far greater power of absorption than the foreign ones, and that the colonies furnish a set-off against the restrictions which England has to experience on the Continent and partly also in the United States. This fact offers a strong counterpoise to those pessimist views of the condition of English industry which have now-a-days become well-nigh the fashion.

But it is also in their function as suppliers of corn and meat that the colonies are becoming more and more invaluable to the mother-country. How important is the foreign, and especially the colonial, food-supply to the English working-man of the present day we shall demonstrate fully in that portion of our work which treats of Co-operative Societies.

The supply of colonial bread-stuffs for the working classes was only rendered possible by the enormous increase during the last ten years in the wheat-production of America, Australia, and India, an increase as unexpected as it is seriously felt on the Continent of Europe. England alone, of all the European States, has derived advantage from it, in being able thereby to supply her workmen with cheaper food. "In the six years ending 1882," says Mr. Jeans, "the acreage under corn crops in the United States alone increased from 93 to 126 million acres, or 35 per cent. In the same interval, the total volume of the corn crops produced

rose from 2,178 million to 2,699 million bushels, or nearly 25 per cent. The same movement is going on in our colonies and in India. Canada has enormously increased its area under cereals between 1875 and 1884. In South Australia the area under cultivation increased from 959,000 acres in 1871 to 1,400,000 acres in 1880. In Victoria the quantity of wheat grown has increased from 5,500,000 bushels in 1873 to close on 10,000,000 bushels in 1881,—being an increase of nearly 100 per cent., concurrently with which, however, there was only an increase of about 100,000, or 13 per cent., in the population. In Australia, generally, the acreage under wheat was roughly 1,000,000 acres in 1867, and 3,500,000 acres in 1882. In India, again, it is stated that sufficient corn can be grown, after meeting native wants, to supply the whole population of this country; and such a claim certainly receives strong corroboration from the fact that, between 1879 and 1883, the exports of Indian wheat increased from a little over 1,000,000 to more than 19,000,000 cwts."

It is a consequence of these facts that, next to the United States, which still take the lead in the importation of wheat to England, the colonies during the last few years have acquired more and more importance. The two following tables will illustrate this very clearly:—

Quantities of Wheat (i.e. Grain, and Flour in equivalent weight of Grain) in million cwts. Imported from the following Countries.

Year.	Russia.	Germany.	Austrian Territories.	Egypt.	United States.
1840	1·16	5·00	0·37	0.01	1·55
1845	1·45	2·53	0·05	—	0·40
1850	2·75	5·47	0·17	1·07	2·34
1855	—	4·29	0·30	1·89	1·93
1860	5·65	6·89	0·33	0 85	9·31
1865	8·09	7·20	0 61	0·01	1·49
1870	10·32	4·48	0·46	0·10	15·15
1875	10·15	6·61	0·42	2·11	26·37
1880	2·96	2 82	1·41	1·60	44·78
1881	4·09	3·09	1·38	1·07	45·70
1882	9·68	5·56	1·97	0·17	44·88
1883	13·44	5·28	2·20	1·17	40·21
1884	5·52	3·27	1·95	1·00	35·56
1885	**12·08**	**3·74**	**2·35**	**0·11**	**38·93**
1886	**3·74**	**2·33**	**1·75**	**0 04**	**38·93**

Quantities of Wheat (i.e. Grain and Flour) in million cwts. Imported from the following British Possessions.

Year.	India.	Australasia.	British N. America.
1840	—	—	0·63
1845	—	—	1·00
1850	—	—	0·35
1855	—	—	0·07
1860	—	—	1·31
1865	—	—	0·52
1870	0·008	0·09	3·40
1875	1·33	1·26	4·06
1880	3·23	4·61	4·54
1881	7·33	3·31	3·20
1882	8·46	3·08	3·11
1883	11·24	2·79	2·42
1884	7·98	5·36	2·61
1885	**12·17**	**5·44**	**2·09**
1886	**11·02**	**0·82**	**4·04**

These two tables demonstrate also the great change and partial displacement effected in the commercial relations of England. A few years ago it would have been scarcely credible that England should import in a twelvemonth (1884) very nearly as much wheat from Australasia as from Russia.

Nor is it less interesting to notice what increased quantities of live stock, meat, cheese, and fish England obtains from her colonies, and especially from Canada and Australia. We quote the following data for comparison from the official statistics for 1884.* During this year 139,213 live oxen and bulls, of the value of £3,316,567, were imported into Great Britain from the United States; 111,424, of the value of £2,234,386, from the Continent; and 59,054, of the value of £1,260,465, from British North America. Of live sheep and lambs, the Continent supplied 853,145, worth £1,948,898; British North America, 61,367, worth £127,249; and the United States, 30,317, worth £73,237. The most significant figures are those connected with the imports of dead animals, the transportation of which in a fresh or preserved state has been enabled by the recent discoveries in chemistry and

* "Annual Statement of the Trade of the United Kingdom for 1884," compiled in the Custom House from documents collected by that department.

physics. In 1884 Great Britain imported in fresh mutton, from Australasia (by far the largest portion being from New Zealand), 304,124 cwts., worth £822,842; from Holland, 116,422 cwts., worth £373,096; and from the United States, 32,229 cwts., worth £92,802. Of bacon, the United States supplied 1,924,298 cwts., worth £4,371,625; the Continent, 665,337 cwts., worth £2,035,292; and British North America, 171,636 cwts., worth £390,773. Of meat, preserved otherwise than by salting, 259,853 cwts., worth £714,947, came from the United States; 128,569 cwts., worth £309,197, from Australasia; 13,967 cwts., worth £36,057, from British North America; and 19,573 cwts., worth £228,713, from the Continent. Of cheese, England imported 976,190 cwts., worth £2,479,908, from the United States; 589,237 cwts., worth £1,496,564, from British North America; and 358,335 cwts., worth £915,462, from the Continent; Australasia also contributed a small quantity (2,800 cwts., of the value of £7,900) to the English market. Of cured or salted fish, 258,354 cwts., worth £464,268, came from British North America; 178,109 cwts., worth £433,113, from the United States; and 377,748 cwts., worth £593,058, from the Continent.

Reviewing, then, these relations of England with her colonies and the United States, it is clear that she occupies a position in the commercial world widely differing from that of any other European State. We must not forget that, if it is really true that the New World contains the life and energies of the future, England, standing as she does with one foot planted on the Old World and the other on the New, combines the advantages of both. On the other hand, this double position multiplies infinitely the difficulties of governing her enormous empire, and increases, moreover, the dangers incident to her position as well as to her policy.

This is not the place to frame conjectures as to the possible or probable course of events; it is enough for our purpose to have shown that the commercial intercourse between England and her colonies has increased since 1870 to an extent which is too little regarded on the Continent. The future will decide what effect this unparalleled growth in the circulation of commodities will have inside the vast economic territory of the British Empire,

and what attitude will be adopted in regard to this question by the colonies, some of whom find it to their interest at present to pursue a policy of protection, albeit of mild protection, towards the mother-country.

It is readily intelligible that on a question which has a political as well as a commercial aspect, there should be diversity of opinion. Thus Imperial Federation is the watchword of those who desire to see the mother-country and her colonies drawn closely together in a vast imperial and customs union, and who quote Burke and Adam Smith to prove the necessity of constituting for this world-wide empire a central Government and, if possible, a central Parliament. A not unimportant movement in this direction has been made by the Imperial Federation League, in which prominent politicians of England and the colonies have taken part. A different and, in our opinion, a deeper judgment on this question of union is formed by those who think that community of interests, not written constitutions or a Parliament, will ultimately form the bonds of federation, and who would prefer to see all efforts directed towards the furtherance of this means.

We merely mention these political and commercial schemes for the purpose of adding that the working classes are fully alive to their importance. It is certainly remarkable that the annual Congress of Trades-unions, held in 1884 at Aberdeen, passed a resolution in favour of establishing a closer union between England and her colonies. A similar resolution was passed in 1885 at a Conference convened by the London Working-men's Association, the terms of which we quote, because they show how correctly the English working-men appreciate the intimate connection between the great basis of English production on which they themselves stand, and the colonies. The Association resolved, that, "Considering how absolutely the industrial prosperity—nay, the existence—of the population of Great Britain, according to its actual rate of increase, depends upon the maintenance and continued growth of our external trade,—and considering, moreover, how largely (under the present extreme industrial competition and prohibitive fiscal policy of foreign countries) an external trade in products of British manufacture is dependent on our

colonial markets, this Conference recognises the vast importance and imperative necessity of establishing forthwith an inseparable fiscal and political union or federation—analogous to that of the United States—between the mother-country and her colonies, by the complete abolition of all tariffs in restraint of free trade throughout the empire, and by the adequate representation of our colonies and dependencies (according to the amount of their civilized population, and their share of imperial taxation) in a paramount Diet of Parliament of the whole empire, which would constitutionally be authorised to utilise and develop by all needful ways and means the boundless commercial and territorial resources of the British commonwealth." *

But the part played by the English workman in this question is a more important one than is expressed in resolutions of this sort. Among the social institutions transplanted from the mother-country to her colonies, which serve to strengthen the intellectual ties formed by a common advance in culture and education, and which, next to the community of material interests, constitute the strongest guarantees for the integrity of the empire, are the colonial branches of the various working-men's associations. In this way every working-man who goes out to the colonies knits closer the bond which, in the interests of England's home labour for the future, cannot possibly be knit too closely.

This grandeur of England's position has had a corresponding effect on the Englishman's conception of the world in general It has enlarged his desires, widened his view, and strengthened his activity and courage. It has implanted in the people a practical turn of thought, far removed from all Utopias, and decisive as regards the manner in which the social problem is being developed in England. We have, therefore, to deal in England not only with external relations, but also with individuals wholly different from those on the Continent.

* *Times*, 15th January, 1885.

CHAPTER III.

Society and the Individual.

Social order and individual enterprise.—Ecclesiastical origin of the Guilds.—Physiocracy and Communism in France.—The Statutes of Labourers.—Individualism in England.—New popular conception of society.—Carlyle on Work and Wages.—Moral aspect of the question.—Lord Shaftesbury and Canon Kingsley.—Patient attitude of the working classes.—Social tendency of thought in England.—Growing recognition of the duties of the individual to society.—Social elements of the wage question.—Ricardo.—John Stuart Mill.—"Habits and requirements" of the working classes.—A "fair day's wages for a fair day's work."—Capital and Co-operation.—Industrial Remuneration Conference in 1885.—Moral education of the working classes.—Arnold Toynbee.—Growing importance of the Land Question.—Views of George and Wallace.—"Municipalisation" of the land.

In every economic epoch the same problem invariably recurs. The question is, how to reconcile the interests and the self-seeking of the individual with the interests and the common welfare of society. The individual is inclined, in the pursuit of gain, to follow merely his own advantage, while society scans with a critical eye the proceedings dictated by purely personal motives, and represents a moral order, intended to enable its individual members, with their rival aims and businesses, to co-exist in peace. The question, therefore, is always one of the intervention of a moral judgment and will, superior to the individual, and acting as a corrective in the sphere of private enterprise. Hence we invariably find in economic history on the one side the impulsive business energy of the individual, and on the other a higher, governing element, which operates to restrain but also to educate the individual, and which we may term the associative element of economic life. In this way a reciprocal working is established between individual enterprise and social order. In every epoch

of culture, though perhaps under varying forms, the one element exercises on the other an influence which may be pernicious and destructive, but which may also be wholesome and edifying.

In the consideration and right judgment of this economic relation of individuals to society, great progress has been made since we have comprehended historically the various changes it has undergone. This method has sharpened our view and shaken off our prejudices. No system of economy has ever recognised this contrariety and the necessity of a higher means of adjustment, though various ways have been suggested in various quarters to arrive at a solution of the problem. The different stages of transition make it difficult to form a proper judgment. Periods of "organisation" alternate with periods of "disorganisation"; intervals of suffering with seasons of comparative calm and compromise.

As regards the preponderance of the social element in relation to the individual, or the reverse, the history of society shows a series of remarkable vicissitudes. The mediæval Church, while fully alive to the importance of individualism, nevertheless established, through her ordinances and her authority in general, a compact system of society, so elaborate and firmly settled, that this idea, even at the present day—or rather just at the present period of uncertainty and transition—still exercises a powerful attraction, although the conditions that underlay it have long since disappeared. It was the ecclesiasticism of the Middle Ages that gave birth to the Guild, in which the powers of the individual were strictly limited and confined by social and religious ordinances. Later on, when this social system had lost its essentially ecclesiastical basis, the State instead undertook to regulate trade and commerce, industries and manufactures, by means of guiding or restricting precepts of every kind, until the gathering strength of individualism succeeded in first loosening, and then bursting, the old barriers. This individualism acquired ultimately, in the course of the eighteenth century, so powerful a position throughout the whole Western world as to outweigh entirely the element of association, and assert a monopoly of power which inevitably led to a reaction. Since then the restoration of the associative element to its proper rights has formed the "social problem" for the nations of Europe.

On the Continent, this cycle of change has stamped all its various stages most sharply on the page of history in France. It was there that the Mercantile System was most nakedly expressed; it was there that, in the seventeenth century, individual industry was most fettered by edicts of every kind; but it was there also that the reaction in favour of individualism stepped in, almost suddenly, directly, and as a matter of dogma. Physiocracy is the doctrine of individualism, one-sided as ever a doctrine was, inasmuch as it assumes that social order, the necessity of which it neither cared nor was able to deny, underlies the exertions of the individual, and that a pre-established harmony exists between the interests of the community at large and the energies of the individual. "C'est de l'essence de l'ordre naturel des sociétés politiques," declares the physiocrat Mercier de la Rivière, "que l'intérêt particulier d'un seul ne puisse jamais être separé de l'intérêt commun de tous"; and even late in our century he finds an echo in the words of Bastiat, "les intérêts abandonnés à eux-mêmes tendent à des combinaisons harmoniques, à la prepondérance progressive du bien général." Extreme, however, as was the transition from the principles of Colbert to these ideas, equally extreme was the reaction experienced by the latter when people once perceived that the "doctrine" led to the abandonment of all social order whatsoever. The fruit of this reaction was French Communism, in its way just as one-sided as the doctrine of the physiocrats. In the "Phalanstery" of Fourier individual interests were to be merged in those of the community in just as one-sided a fashion as in Bastiat's "Harmonies Economiques" the interests of the community were concentrated in the hands of the individual.

The course of events in England exhibits in the main the same circle of change. Edward III., in his Statutes of Labourers, was able, while imposing strict limits on individualism, to reconcile the contradiction of which we are speaking by enacting that "reasonable prices" should be paid for food and "reasonable wages" paid for labour; while Elizabeth, in the famous legislation of her reign, was forced to make substantial concessions to the growing power of individualism, until the latter acquired in England also an unlimited sway. At the present day, on the contrary, England, like the Continent, is again in the midst of that

reactionary current which is tending to impose on individualism not indeed the old but new restrictions, resulting from the circumstances and requirements of our time. It would be, of course, very tempting to pursue this parallel further, and to inquire in what respects the course of social development in England differs from that on the Continent, notwithstanding that the leading features of both movements coincide. In doing so we should find, especially as regards the time when individualism was at its height, that social life in England possessed a certain counterbalance in the self-government as well as in the strong religious convictions of the people, and that even the English scientific view of individualism, candidly considered, was in no way tainted with that *doctrinaire* spirit of one-sidedness which one is accustomed to meet with, especially in Germany. It would, further, be a subject of extreme interest to inquire what literary movement heralded that reaction against unlimited individualism in England, and how it came to pass that among men of learning, in the press and on the public platform, and finally in Parliament and legislation, ideas gradually cropped up, and proposals assumed a definite shape, which, taken collectively, represent a new conception of society in the popular mind destined to initiate a new stage of civilisation in England.

To attempt an explanation of these questions lies beyond the scope of this introduction. Since, however, this new conception of society forms a foil, so to speak, to all the variations of the social movement in England, and must be noticed if we are to understand any social institution or social aspiration now existing in England, we would endeavour in this introductory chapter, first, to give a sketch, but not in any way a full history, of this phase of thought, and secondly, to show what effect it has had on "economic laws," and especially how far it has stood what will always be the crucial test of the English working-man,—namely the question of wages.

1. The revolution wrought in the views entertained by Englishmen on the mutual relations of the various classes of the industrial community has not been brought about by means of politics or doctrine, but is the fruit of a moral reaction against the evils caused by the one-sided pursuit of industrial gains, evils which

afflicted a large portion of the working classes, and weighed like a nightmare on the conscience of the English public. The first outcry against these abuses came from men of all ranks in life. Their persistent warnings caused the nation gradually to awaken and to recognise the duty of atoning for its long neglect. It was these men whose personal influence disseminated the moral ideas which they represented, and whose practical example and untiring efforts, exerted in large or small circles, embodied those ideas in practical institutions, quickened zeal and secured co-operation. It was they who developed by their words and example the fundamental power of implanting new ideas in other men, and thereby exercising a reforming influence on their will and conduct. After the year 1840 this movement began to expand. Let us listen to some of those who took part in it.

At that time Carlyle, in his "Past and Present," thus addressed his cotemporaries: "The time for levity, insincerity, and idle babble and play-acting, in all kinds, is gone by; it is a serious, grave time. Old long-vexed questions, not yet solved in logical words or parliamentary laws, are fast solving themselves in facts, somewhat unblessed to behold! This largest of questions, this question of Work and Wages, which ought, had we heeded heaven's voice, to have begun two generations ago or more, cannot be delayed longer without hearing earth's voice. 'Labour' will verily need to be somewhat 'organised,' as they say,—God knows with what difficulty. Man will actually need to have his debts and earnings a little better paid by man; which, let Parliament speak of them or be silent of them, are eternally his due from man, and cannot, without penalty, and at length not without death-penalty, be withheld. How much ought to cease among us straightway; how much ought to begin straightway, while the hours yet are!" Carlyle is perhaps the strongest representative of the literary view then rapidly gaining ground in England; namely, that every social reform is a moral reform, a reform of the individual as well as of the community at large. He appeals with his cry of warning to all classes of society, and demands the fulfilment of duty and inward reform from the workman as strictly as from his superiors in rank. "The cure," he says, "if it is to be a cure, must begin at the heart; not in his condition only, but

in himself must the patient be all changed." The fact that the Englishman had the moral strength to follow in the main this admonition, explains the progress he has made in culture since 1839, the year when Carlyle wrote these words.

First of all, it was the workman himself who followed this advice. "Hence there was at this period," says Lloyd Jones, an old combatant from the working classes, "what may be called a great awakening. National politics, industrial progress, social growths and social neglects of various kinds, had been allowed to take their own course. There was no provision for education, no check to speak of on life-destroying labour, no true recognition of that in man which struggles upwards and lifts him out of the brute condition, giving him what God has willed he should have, a life beyond and above that of mere getting and spending. Men had opened their eyes and had seen, not their nakedness alone, but their corruption, their degradation, their rapidly-approaching moral death." * In treating of the working-men's associations we shall notice the practical operation of this growing spirit. It was the moral impulse given by the pioneers of the movement that created the institutions which in their turn became the schools for educating later generations in the same ideas.

But also the upper classes of society—whom, when they fail to fulfil their duties, Carlyle compares to "a tree planted on precipices, from the roots of which all the earth has been crumbling"—followed the same course, prepared and trained in the principles of self-government, of which for centuries they had been the leaders. A few shining representatives stand out from their ranks at the very beginning of the movement. The name of Shaftesbury is well known on the Continent. The speeches he has delivered since 1838, both in and out of Parliament, are clarion calls addressed to the moral conscience of his cotemporaries, and especially to the fellow-members of his own class. "The vast proportion of the evils," he declared in a reply to the Lancashire Short-time Committee, in 1842, "which affect and endanger this country is not ascribable to physical or commercial

* "Progress of the Working Class," 1832-1867, by J. M. Ludlow and Lloyd Jones, London, 1867, p. 87.

causes—these may have their influence, but in the main the mischief is to be traced to a moral origin. Over a large surface of the industrial community man has been regarded as an animal, and that an animal not of the highest order; his loftiest faculties, when not prostrate are perverted, and his lowest exclusively devoted to the manufacture of wealth. Women and children follow in the train of ceaseless toil and degrading occupation, and thus we have before us a mighty multitude of feeble bodies and untaught minds, the perilous materials of present and future pauperism, of violence and infidelity. . . ." But in the same speech he was able already to perceive the common work, which was then in its beginning, in respect to the social problem. "Political differences are suppressed, and parties of all complexions aspire to and may claim an equal share in vindicating the rights of humanity and the character of the nation. Nor may we forget our deep obligations to the public press, which both in the capital and in the provinces exhibited a spectacle neither seen nor imagined in any country but this, the spectacle of the journals of extreme opinions and discordant principles combining to sustain a public man because they believed that, with no private purposes of his own, he was engaged in an honest endeavour for the public good." Still more confidently did he express himself on this subject two years later. "I dare," he said, "to hope for better things—for restored affections, for renewed understanding between master and man, for combined and general efforts, for large and mutual concessions of all classes of the wealthy for the benefit of the common welfare, and specially of the labouring people. It may not be given to me to pass over this Jordan; other and better men have preceded me, and I entered into their labours; other and better men will follow me and enter into mine; but this consolation I shall ever continue to enjoy—*that, amidst much injustice, and somewhat of calumny, we have at last lighted such a candle in England as, by God's blessing, shall never be put out.*"

We will conclude this series of quotations with a passage written by Canon Kingsley. He was one of those men who, as exponents of Christian sociology, preached so successfully the gospel of duty. Soon after 1860 he was already able to observe a good deal of the effect produced on the general condition of

society by the co-operation of the upper classes. In the preface to "Alton Locke," addressed to the Undergraduates of Cambridge, he writes on this subject as follows: "For thirty years past gentlemen and ladies of all shades of opinion have been labouring for and among the working classes as no aristocracy on earth ever laboured before; and do you suppose that all that labour has been in vain? that it has bred in the working classes no increased reverence for law, no increased content with existing institutions, no increased confidence in the classes socially above them? If so, you must have as poor an opinion of the capabilities of the upper classes as you have of those of the lower."

The foregoing remarks may perhaps give a notion how the co-operation of efforts originating from classes socially different, but directed to the same end, prepared the way for the new conception of society. The first thing that strikes one in this respect is the slow and gradual recognition of the new ideas. The opposition of the classes, from whom sacrifices would be demanded through the new order of things, and the passive attitude of the State, explain why a struggle of many years in and out of Parliament was needed to consummate the final change of views. As a consequence of this opposition, the practical results were only slow and gradual. In such a course of things the danger is that reform can never ripen, since those who are most closely interested in the reform—in other words, those who hope that it will better their position—either cannot or will not wait. That such was not the case in England, and that this slowly-completed process was not interrupted by any violent revolution, is exclusively the merit of the English workman. The self-denial and self-sacrifice of the earlier generation of working-men purchased the progress of their successors of to-day, and even now the English workman quietly endures all the uncertainties and hardships of the present, in the hope that, by slowly but steadily pushing onwards, he may bequeath to his children a good, and possibly to his grandchildren a still better, future. Often, no doubt, he seems to be impatient, and his impatience vents itself, but hitherto he has always returned to his habit of quiet labour, and derived confidence for the future from the successes he has gradually achieved. This patient behaviour has exposed him to much bitter

criticism from German and international Socialists; but it is due to a characteristic deeply-rooted in the English workman in common with all the sons of the Anglo-Saxon race; namely, the iron tenacity wherewith he clings to his personal independence, which it is his pride to have preserved through periods of hardship and oppression.

The reason why the working-man's question has been seriously grappled with in England, is not because the working-man has appealed to the State, but because the English nation has made this question their own. One-sided interests, asserted in a one-sided manner, may bring about in a State great changes, upheavals, and displacements of social strata, and even revolutions, but they will leave unsolved all those questions which postulate a change in the opinions, the collective judgment, and the attitude of society at large. The Humanistic movement and the Reformation, the Mercantile System and the Age of Enlightenment are examples of how the entire range of a nation's ideas was enriched by new material, how that material filled the thoughts and judgments of a whole epoch, revolutionized the entire sphere of intellect and action, created a literature and policy of its own, and gave a new form to society and life,—in a word, introduced a new era of civilization. The social "idea" now prevailing—if we may so designate the problem, how to reconcile the intellectual and moral progress of the working classes with the new methods of production based on machinery and large industries—has, as we have already shown, although originating in causes essentially similar, made its appearance in the various States of Europe in very different manners. In those countries where, possibly from the exaggerated views of theorists, or from any other cause, that idea has continued to represent the interests of one class alone, it has no doubt gained adherents, roused opponents, and influenced politics and legislation; but it has never succeeded in becoming, so to speak, a new life-blood for the age, permeating all the arteries of the nation, and shaping all its thoughts and energies anew. It has never been more than partially understood, and has had only a partial influence on human action. It has become a great power, but a power which has stepped uninvited into the conflicts of the day, and embittered instead of allaying or adjusting them.

In England, the social idea is, theoretically speaking, decidedly in its infancy, and least a matter of principle, though it appears to have acquired there a broader basis than in any other country. This, as we have already observed, is, in the first place, largely due to the fact that already at an early period—it may be dated from the passing of the first Factory Act in 1833—attempts of a practical kind were made to remove some of the evils, and that men of all ranks were to be found who urged the necessity of opening to the working classes at least a share of the civilization enjoyed by the rest of the community. The unshaken religious faith of the English nation has contributed immensely to the universal application of social ideas, and confirmed the truth of Laveley's remark, that the Christianity of Penn and Washington formed a better cement for the foundations of a State than the philosophy of a Vergniaud or a Mirabeau. Furthermore, the free expression of opinion in literature and the press has made the English nation familiar with the necessity of a social reform in all directions. And lastly, the very efforts made to obtain this reform have exhibited in England, as in no other country, a series of continual compromises with existing relations, inclinations, opinions, and even prejudices, and thus gained adherents in circles which elsewhere still continue to hold aloof. This much is certain, that the social idea in England no longer takes the shape of payments made in instalments, and at the demand of the workingmen, but has become a general standpoint, from which society and the State weigh and determine the position of the working classes in relation to all questions that agitate the nation, whether of education, health, industry and trade, law or taxation, not indeed for such as stand with noise and urgent clamour at the door, but for those who sit as brethren at the council-table, and represent quietly and confidently their interests, which are recognised on all sides. In this way the social idea in England is not that acid and corroding element, so to speak, that Socialism is on the Continent, but is diffused throughout the whole organism of society, not acting as a solvent to its existing forces and sapping their power, but assimilating itself with them, and preparing their gradual reformation.

It appears to us hopeless to think of solving what is called the

social problem until a nation, as a whole, has learnt to think socially on the subject. England's superiority lies in this, that she is nearer this goal than the Continent is.

From the above remarks, it seems plain that it is impossible to define in any single phrase the entire purport and bearings of this social tendency of thought. No doctrine in England, like the German so-called theory of surplus value, has yet formed a school in literature or even in politics, but the working classes have been left at liberty to put forward what they consider their legitimate claims to a share in the general progress of civilization, and to advocate those claims with all their innate energy and independence. Of the justice of these claims in general the public has become convinced, and, be their realisation near or distant, has stamped them with a recognition which, as being based on the practical progress and success achieved by all those concerned in them, has been accepted as the starting-point of further development. People in England hitherto have done very little in the way of theoretical, but a good deal in the way of practical Socialism, thanks to an active exhibition of Christian sympathy. "Communism means barbarism, but Socialism means, or wishes to mean, co-operation and community of interests, sympathy, the giving to the hands not so large a share as to the brains, but a larger share than hitherto, in the wealth they must combine to produce,—means, in short, the practical application of Christianity to life, and has in it the secret of an orderly and benign reconstruction." *

Of course we do not mean to say that the development is wholly placid and peaceful. The universal recognition so readily conceded to the claims of the working classes, is not of itself enough to solve a number of questions which deeply affect the interests of one or the other part of the industrial community. Powerful and diverging forces accordingly confront each other, but these forces do not exhaust themselves in an aimless struggle. Working, we might say, at one and the same point, but in different directions, they move it steadily on in the line of a resultant in the parallelogram of forces. During the last ten years, it is true,

* Mr. Lowell's address at the Birmingham Midland Institute, October 6th, 1884.

the influence of foreign Socialistic doctrines, particularly those of Marx and Lasalle, has undoubtedly increased; and the heads of many have been turned by the example of the Socialistic measures adopted by Continental States. Nevertheless, we believe that all this will only strengthen the *one* force in the parallelogram, without manifesting that seemingly incurable schism which has been created in other countries by the Socialism of mere *doctrinaires*. We must, therefore, not allow ourselves to be misled if we meet in England with the most diverse and extreme views and schemes as to the future structure of society. These views and schemes swarm, so to speak, round the real kernel of the matter, which is this, that in England, notwithstanding the fact that individual impulse, and the selfish pursuit of personal advantage, are stronger and keener there than in any other country, nevertheless in her legislation, in the new form of self-government, and in her voluntary institutions, based on the principle of self-help, a direction has been taken leading to a new organisation of society, in which a new equilibrium will be established between the individual and the community. This thought is strikingly expressed by a modern English writer in the following words: "The individual," says Mr. Cunningham, "who follows his own interest, without regard to the Family or the State, is always a social danger; and a self-seeking which is absolutely unlimited by a regard for these institutions cannot be the basis of a permanent civilisation; only in a well-established and highly-organized society can such individualism be suffered to exist at all." *

2. The practical results obtained by this intellectual movement in England are obvious to the observer. The working of the English working-men's associations reveals them in various ways. We will consider at present only the question of wages.

Whoever pictures to himself the progressive condition of England and the growth hitherto of her national income, and observes how at the same time the wage-income of the working classes has risen, will involuntarily recall to mind the words of Adam Smith, that "it is in the progressive state, while the society is advancing to the further acquisition, rather than when it has acquired its full

* "Growth of English Industry and Commerce," p. 251.

complement of riches, that the condition of the labouring poor, of the great body of the people, seems to be the happiest and the most comfortable." * At first sight one might suppose that out of the vast reservoir of national wealth, into which flow the profits of trade and industry, and of home and colonial production, all classes of the industrial community, and, therefore, the working classes also, would be now more abundantly supplied than formerly, inasmuch as the contents of that reservoir increase from one decennium to another. But we should be falling into the errors of the wage-fund theory, were we to ascribe the more equitable distribution of the national income, as regards the working classes, so far as that distribution has been effected already or may be effected in the future, to this increase of production alone. It is due rather to the fact that the English workman has succeeded in bringing into play, next to those economic laws of supply and demand which ultimately regulate the standard of wages, a new social element—namely, the requirements of a higher state of life and culture. This is the Archimedean point, not from which the present social structure will be lifted from its hinges, but from which an impulse will be given for a complete readjustment of all its relations.

It would be a great mistake to suppose that the English have ever overlooked the social elements of the wage question. Even Ricardo is not open to this charge. As is well known, he calls the "*natural* price of labour" that price "which is necessary to enable the labourers, one with another, to subsist and to perpetuate their race, without either increase or diminution"; whilst the *market* price of labour, according to his view, is "the price which is really paid for it, from the natural operation of the proportion of the supply to the demand." If, therefore, according to his theory, the market price of labour exceeds its natural price,—that is to say, if the price actually paid, as regulated by supply and demand, exceeds the cost of the necessary means of subsistence,—then the position of the workman is decidedly favourable, though it contains at the same time the germ of a relapse, his very prosperity tending to increase the population,

* "Wealth of Nations," book i. chap. viii. p. 133, ed. 1817.

and, by thus multiplying the sources of supply, to cause a fresh depression in wages, falling frequently, in consequence of the reaction itself, below the level of the necessary means of subsistence. The net result, therefore, of Ricardo's theory is this, that the market price of labour, in other words, the amount of wages actually paid, "oscillates like a pendulum" about the line represented by the necessary means of subsistence, and is the result of a law which excludes human *will* and operates like a law of nature, like a kind of economical law of gravitation, continually dragging down the working classes to the level of the bare necessaries of life.

And yet Ricardo himself did not mistake the social element in the wage question. "It is not to be understood," he says, "that the natural price of labour, estimated even in food and necessaries, is absolutely fixed and constant. It varies at different times in the same country, and very materially differs in different countries. *It essentially depends on the habits and customs of the people.* An English labourer would consider his wages under their natural rate, and too scanty to support a family, if they enabled him to purchase no other food than potatoes, and to live in no better habitation than a mud cabin; yet these moderate demands of nature are often deemed sufficient in countries where 'man's life is cheap,' and his wants easily satisfied. Many of the conveniences now enjoyed in an English cottage would have been thought luxuries at an earlier period of our history." * Thus he declares plainly that the regulation of wages is subject to the operation of another element besides the law of supply and demand. But, as economic theories in England are at all times simply the reflection of existing realities, and the English workman, at the time when Ricardo wrote, had not the power to make his interests, which consist in the prominent assertion of the social element in the wage-question, prevail, those interests were obscured in real life, and became even in theory a neglected quantity.

Half a century later the facts, and with them the theories, had changed. That altered tendency of thought, of which we are

* "Principles of Political Economy," ed. 1821, chap. v. p. 91.

speaking, had found powerful expression. England's greatest economical theorist of recent days, John Stuart Mill, lived to see the awakening of the working classes, their union into powerful organizations, their resolute efforts to attain a higher standard of life, and the success which those efforts achieved. When speaking of the economic laws that regulate their wages, he takes account of the working-man's wishes, his claims and his requirements in respect of culture. He devotes the fourth book of his "Principles of Political Economy" to describing the connection between economical and social progress, and his standpoint is characterised by the fact that in this portion of his work he does not speak of the influence of industrial progress on society, but, on the contrary, dwells on the influence of the progress of society on production and distribution. He seeks to show that a society in which man's power over nature and the security of person and property are increasing, and the "business capacity" of workmen, combined for large undertakings, is being trained and developed, may accomplish, concurrently with the increase of production and accumulation of capital, another and a new distribution of national wealth. Mill rightly starts with the premiss that it is wrong to consider economical facts simply as fixed, immutable quantities, and in this way to examine their interdependence,—in other words, the laws of production, of the employment of capital and labour, of population and of ground-rents, —as though their relations were permanently settled; but that along with the study of these economic *statics* must go a study of economic *dynamics;* namely, an inquiry into the results furnished by an observation of economical facts in their changes and natural development, in motion as well as in equilibrium,—in a word, into the relative position of landlords, capitalists, and labourers in the state of progressive civilization which England now enjoys. Mill is therefore clearly convinced that the purely economic relation between capital and labour, and therefore between supply and demand, is only one regulator of wages, and that another is at work beside it, which he terms the "habits and requirements" of the working classes.

These habits and requirements, sanctioned as they have been since his time by the ratifying verdict of the nation, have be-

come a social power which exercises a strong influence on the question of wages. That question has consequently assumed materially more importance in connection with the process of production, and occupies in that respect a very different position at the present day to that which it held when Ricardo wrote.

Industrial production in England depends on the possibility to compete in foreign markets. In the days before the repeal of the corn laws the other conditions of national production were as follows. An artificial price of wheat, protected by duties, commanded a high rent and a low purchasing power of wages. The ordinary profit in industrial enterprise was high, and was maintained at the cost of labour. As to the rate of wages, the law of supply and demand was pressed to the utmost, and there was little or no margin between the income of the working classes and their "necessary means of subsistence." If one of the links in this chain received a blow,—if, for example, the trade had miscalculated in respect of foreign consumption or foreign competition, or profits had been impaired by technical or commercial mistakes,—the loss by no means always fell on the responsible party, but the shock was felt on all sides, and it was the workman who was the hardest hit, since he not only suffered a reduction of wages, but also lost his employment. But since the English workman is gradually seeking to bring the social regulator—his requirements in point of culture—to bear on the question of wages, he will assuredly, in so doing, place a certain check on the operation of supply and demand. The higher habits and requirements of the working classes, the higher "standard of life" on which they are insisting, are far from being the simple result of favourable conditions in respect of wages; but, on the contrary, these habits and requirements constitute a limit which the combined will of the working-man is seeking to impose on a reduction of his wages.

The question above all is as to an *objective* standard for the "habits and requirements" which the English workman is at present asserting. Such a standard alone can secure the universal recognition of his standpoint. In spite of many errors and mistakes the English workman has kept to this objective standard in his requirements, and has found a happy formula to express it.

What the English workman of to-day requires is to be able to marry and set up a household, to live in health and decency, to give his children a suitable education, and to be in a position to provide against old age, sickness, or accident. He wishes to have access in his spare hours to the means of enlarging his knowledge and cultivation, so as to work in his sphere for the welfare of his class. Family, education, provision for the future, the self-government of his associations—these words contain the sum and substance of his "habits and requirements," equally far removed from a socialistic Utopia as from indolent submission to a hard lot. The life of English workmen, even in the higher grades, is a serious one. The best among them—who not only take care of their families, but uphold the interests of their class, keep the others together, and form the cement of those associations and unions to which their fellow-workmen are so deeply indebted—lead a life the sole variety of which consists in their passing from one form of work to another, from their work in the factory to their work in the club or at the desk. The artisans of the manufacturing districts in the north of England in particular—the untiring workmen of Lancashire, Yorkshire, Durham, and Northumberland—are patterns of this kind. They form the picked troops of the entire army of English workmen—men who have trained their comrades to a moral consciousness of what they not only may but must demand. "A fair day's wages for a fair day's work" —so runs the formula in which this standpoint is comprised. Originating from the trades-unions, it constitutes now, so far as the wage question is concerned, the fundamental programme of the whole brotherhood of labour in England—a programme also which is generally accepted by modern economical science as containing not only the elements of the wage question, but also an ethical postulate. This formula is a right one, because it expresses not merely what the English workman demands as his *right*, but what he undertakes as his corresponding *obligation;* the "fair day's wages" are consequent and conditional upon the "fair day's work." Thus the demand assumes the dignity of a moral claim; and this moral standpoint constitutes the strength of the working classes in the struggle for higher wages. Now the postulate contained in this formula leads to the practical

endeavour to make the price of wages as constant a quantity as possible. Hitherto, as we know, not only has it been a variable quantity, but, whenever a miscalculation occurred in the great process of production, the payment of wages has been terminated altogether by a dismissal of the workmen. But the actual raising of wages, no less than these efforts to make wages a constant quantity in the process of production, must naturally cause a displacement in the entire chain of those economical conditions which regulate the production itself. In fact, the efforts made in this direction by the English workman, and especially by the trades-unions, have a corresponding effect on English production, in point of cost, profits, and ability to compete. This reaction explains further why those efforts formerly encountered such stubborn opposition, and why those who were foremost in making them were represented as the enemies of England's greatness and power. But all this is now changed. The English workman has succeeded in bringing the social element of the wage-question into general recognition, and converting it, at least partially, into a practical reality.

The manner in which the rise of wages in England has reacted on production, as well as on profits and prices, we shall have occasion hereafter to demonstrate in detail. In doing so, we shall endeavour also to explain how the progressive improvement and adaptation of machinery has effected a saving on another point in the cost of production; and how the higher working capacities of the English workman, which are mainly the fruit of his better way of living, have more than repaid the increased cost of that living, and given a start to England as compared with most of her competitors, which has compensated again for the rise in wages. We shall then be able to show how the working-man has attained, or has a prospect of shortly attaining, the object expressed in his formula of "a fair day's wages for a fair day's work."

In saying that the raising of wages is the object of the English workman, we must add at once that it is his nearest object. His common-sense is directed to this object, because he is willing to sacrifice his strength and time to the nearest attainable aim, but not to a mere theory. Still, the theoretical view of wages, even

in England, and especially since the days of Mill, has taken a large horizon; it seeks to read the future, and to discover therein a new system of relations between the working classes and national production. We quote from Mill's "Principles of Political Economy" a passage bearing on this point:—

"When co-operative societies shall have sufficiently multiplied, it is not probable that any but the least valuable workpeople will any longer consent to work all their lives for wages merely; both private capitalists and associations will gradually find it necessary to make the entire body of labourers participants in profits. Eventually, and in perhaps a less remote future than may be supposed, we may, through the co-operative principle, see our way to a change of society, which would combine the freedom and independence of the individual with the moral, intellectual, and economical advantages of aggregate production; and which, without violence or spoliation, or even any sudden disturbance of existing habits and expectations, would realize, at least in the industrial department, the best aspirations of the democratic spirit, by putting an end to the division of society into the industrious and the idle, and effacing all social distinctions but those fairly earned by personal services and exertions. Associations like those which we have described, by the very process of their success, are a course of education in those moral and active qualities by which alone success can be either deserved or attained. As associations multiplied, they would tend more and more to absorb all workpeople, except those who have too little understanding, or too little virtue, to be capable of learning to act on any other system than that of narrow selfishness. As this change proceeded, owners of capital would gradually find it to their advantage, instead of maintaining the struggle of the old system with workpeople of only the worst description, to lend their capital to the associations; to do this at a diminishing rate of interest, and at last, perhaps, even to exchange their capital for terminable annuities. In this, or some such mode, the existing accumulations of capital might honestly, and by a kind of spontaneous process, become in the end the joint property of all who participate in their productive employment—a transformation which, thus effected, would be the nearest approach

to social justice, and the most beneficial ordering of industrial affairs for the universal good which it is possible at present to foresee." *

From this passage we can see how closely even the advanced theoretical opinions of Mill correspond with existing facts, and how widely in this respect they differ from the schemes of continental Socialists, however much they may resemble them in their aims. We meet with the same tendency to keep to practical ground—to believe in *evolution*, and not in *revolution* in economy—in the efforts made by the English workman. He regards the bettering of his wages as the nearest and therefore most important object to be attained, and hopes in this way gradually to accomplish great changes in the relations of the various classes of the industrial community, as well as in the laws of the State. In this sense must be understood the experiments made with productive associations and industrial partnership; in this sense the English workman also is a Socialist, though he has hitherto turned a deaf ear to those who preach an uncompromising and sudden revolution of the existing economic order, and whom he designates in plain terms as Communists.

We cannot give a better picture of these more advanced views and schemes of social reformers in England than by giving a brief account of a Conference held in London, in January, 1885, under the presidency of Sir Charles Dilke, which was composed of delegates of a number of Trades-unions, Co-operative Societies, and Friendly Societies, as well as of other associations for social objects, and in whose proceedings a considerable number also of Members of Parliament, representatives of social science, and some large manufacturers and shipbuilders took part. These proceedings † are of the utmost interest as regards the present question, inasmuch as the Radical wing of the working-man's party took the lead in the discussion, and had an opportunity of making their various wishes public. The three questions

* Vol. ii. p. 374, sixth edition.

† They have been published in a portly volume, entitled, "Report of the Proceedings and Papers read at the Industrial Remuneration Conference in Prince's Hall, Piccadilly, under the Presidency of the Right Hon. Sir Charles Dilke," London, 1885.

around which all the essays read and speeches delivered grouped themselves, were as follows :—

1. Has the increase of the products of industry within the last hundred years tended most to the benefit of capitalists and labourers, or to that of the working classes, whether artisans, labourers, or others? and in what relative proportions in any given period?

2. Do any remediable causes influence prejudicially (*a*) the continuity of industrial employment, (*b*) the rates of wages, (*c*) the well-being of the working classes?

3. Would the more general distribution of capital or land, or the State management of capital or land, promote or impair the production of wealth and the welfare of the community?

These questions alone suffice to show that the range of discussion was not narrowly restricted, but that ample scope was given for the expression of extreme views.

The Conference itself brought out opposite opinions into strong relief, but at the same time furnished rich materials to elucidate the points at issue. The most widely differing representatives of labour and of social science gave each their various descriptions of the present state of things, their comparisons with the past, their proposals for the future. Views were expressed, which showed a near affinity to, and were directly influenced by, continental socialism; but, nevertheless, it was again made evident that a socialistic doctrine, such as could enlist any appreciable portion of workmen under its banner, did not exist in England, because the English workman confines his thoughts to the attainable and practicable, and because his leaders, especially those who represent the great trades-unions, will not hear of State help, and persist in regarding the reformation of the system of employment and the development of their institutions based on the principle of self-help, as the cardinal point of their endeavours.

Let us hear first Mr. J. G. Hutchinson, a joiner, of Leeds, in an essay on "Labour and its Reward": "The old political economy," he says, "that decrees that labour is a commodity that must, equally with the products of labour, be ruled by supply and demand; the old political economy that ordains that the wages of labour will, in the normal order of things, be

determined by the terms on which the labourer will consent to produce, and will constantly tend to a bare level of subsistence ;—this doctrine, that has been a palliative to salve the consciences of our capitalists and employers, must be abandoned as being out of date and not in accordance with our new religion of humanity. Man's labour, as the support of his life, cannot, in common fairness, be placed on a par with a bale of cloth. If the man were as inert as the bale of cloth, if he had no requirements, if he did not need to live, to be clothed and housed, then their positions might be identical. But so long as the man has human aspirations, so long as he is able to discriminate between right and wrong, it is not only unjust, it is cruel, to place his labour as a commodity in juxtaposition with that of an inanimate article, to be ruled by the inexorable law of supply and demand. Besides, man in his present position does not stand on equal ground with the capitalist in bargaining for employment; he cannot, in the great majority of cases, 'take it or leave it,' as he is told to do. No; the work must be his at one price or another,—and often, too often, the man who has the giant's power, uses it as a giant."

These are the views long since expressed and often repeated on the Continent, and particularly in Germany; only in England it has never been deduced from them that the State immediately is to help, but on the contrary that the workman must help himself. Mr. John Wilson, a delegate from Durham, and a prominent member of the Miners' National Union, who was chosen as a Member of Parliament at the election of 1885, takes up the gloves at any rate against what another speaker at the Conference had termed "freedom of contract," and asks what freedom of contract could there be between "a highwayman with a pistol in his hand and himself unarmed, or between a capitalist and a workman dependent upon his day's toil for his day's living." After this comparison, however, a rare exhibition of class hatred in England, he immediately added that he did not ask that the law should step in, and as with a knife divide the £1,000 of the capitalist, and give him a share. "As by the force of co-operation, and by the power of their unions, miners had worked their way to the advantageous position they now held,

so in the future they would work at their social amelioration *by their own efforts.*"

Not less characteristic are the remarks made by Miss Edith Simcox, the delegate of a dressmakers' union, in an essay read at the Conference on the "Loss or Gain of the Working Classes during the Nineteenth Century." She verges on that social ideology which has hitherto been seldom met with in England, but does not dispute the fundamental feature of all social efforts in this country,—namely, the demand for *gradual* development.

"A social war," she says, "would not right the wrongs which a state of social or economic war has produced; but a revolution may yet be effected in the minds and consciences of the community, which will find its expression in a radical reformation of the theory and practice of the economic world. What we want is, on the part of the many, more wisdom in discerning, more firmness in demanding, their just rights; on the part of the few, more wisdom in discerning, more courage in discharging, their just obligations. Each step forward on either side will make the next step easier for both, and as the few and the many draw together, the distinction between the two classes will cease to be that between workers and spenders. There will always be a few whom the democracy will delight to honour above the rest; but these few will be those whose services to the common good outweigh and outnumber the services of their fellows, not those whose only cleverness is to have appropriated to themselves the largest share of the collective earnings."

We purposely cite here the most extreme opinions expressed at the Conference, in order to give an idea of the line followed by the most extreme wing of the so-called working-man's party in England. To this party Professor Beesly belongs, who, in his essay on the "Education of Public Opinion," * writes as follows: "No serious improvement will take place in the continuity of employment, or the rate of wages, or the well-being of the working classes, until the public opinion treats the wealth of the capitalist as a fund entrusted to him by society, to be administered for the benefit of society, and more especially of that particular

* Page 216.

group of workers for which he is responsible. I say his wealth, not his capital. The introduction of the latter word does but obscure the truth that the whole of his wealth is entrusted to him for the special purpose above mentioned, and not merely that particular portion of it which, according to Adam Smith, 'he expects to afford him a revenue'; or, according to Ricardo, 'is employed in production'; or, according to Mill, 'is destined to supply productive labour with the shelter, protection, tools, and materials which the work requires, and to feed and otherwise maintain the labourer during the process.' Looked at from the social point of view (and any other point of view is here repudiated as misleading), this wealth is entrusted to him, not simply for production, but for production securing adequate comfort and dignity to the producers, including himself, he being, as it were, the managing partner for the rest. There need be no fear that public opinion will ever grudge him such reasonable superiority in comfort, and even luxury, as befits his position, as long as the industrial co-operation which he superintends is carried on wisely and prosperously. But it must be understood that the support of the co-operators in as much comfort and dignity as the state of the trust fund will permit is the first charge upon it; and that they must not be pinched as long as the trustee has carriages, horses, handsome furniture, a cellar of wine, and a staff of domestic servants. The larger profits made during good years, instead of being used for a reckless expansion of the business, or an increased scale of personal expenditure, are to be considered and treated as a reserve fund for providing continuous employment and a steady rate of wages in bad times. It may be asked in what respect our ideal capitalist of the future will differ from the manager of a co-operative society of the present day? Chiefly in this. He will not be an elected officer, subject to removal, and more or less fettered by his electors. He will be the hereditary capitalist—as he is now, administering his wealth according to his free discretion—as he does now. Only he will be judged, and he will judge himself, by a different standard of duty."

We have quoted this last passage because in many parts of England and Scotland we ourselves have found similar views

expressed, with all their consequences, even among large employers of labour, but especially among the younger generation of such employers. It must be stated, however, that even these most advanced exponents of social science in England display the peculiar characteristics of the English tendency of mind,—namely, reliance on self-exertion, the awakening of the moral conscience, and a firm adherence to gradual development.

The sketch we have endeavoured to give of these new ideas would, however, be very incomplete if we failed to refer expressly to a question we have already touched upon. We have said that the English workman is fully conscious that his new rights involve new obligations. The great successes achieved by the working classes in England are due entirely to the fact that the education of those classes to a higher grade of culture has kept pace with the struggle for higher wages. Many years ago the workmen of Paisley, in an address to their employers, very rightly said that whatever circumstances lowered the moral level of a group of workers lowered equally their wages, and that whatever raised that level put the workers in a position to obtain higher wages.

It is greatly to the credit of English literature, which for the last few decades has been full of the question of the distribution of the national income between the employers and employed, that it has carefully abstained from the dangerous habit of speaking exclusively of the *rights* of the lower classes. It has consequently been avowed that the moral law which is to influence the relations between masters and workmen, has a double and reciprocal sanction; in other words, that the right to demand higher wages can be acquired only by admitting the duty of spending those higher wages in a proper manner. What the late Arnold Toynbee says on this point, in his Lectures on the Industrial Revolution in England, accurately expresses an idea which is constantly put before the English workman, which he has laid to heart, and which has helped immensely to counteract one-sided assertions: "We have no reason to suppose that human nature, as it is now, will always remain the same. We have reason, on the other hand, to suppose that employers, under the influence of the wider and deeper conceptions of which I have spoken, may be willing

to forego, in the struggle for the division of wealth, some part of that share which would come to them if they chose to exert their force without restraint. It may be said, 'This is chimerical; human nature will be the same, and always has been the same.' This I deny, and I instance that great change of opinion which took place in England with regard to slavery. If such a rapid change could take place in our moral ideas within the last hundred years, do not you think it possible that in the course of another hundred years English employers and English workmen may act upon higher notions of duty and higher conceptions of citizenship than they do how? *I am not speaking to employers alone.* The matter is as much in the hands of the workman as it is in the hands of the employer. *It is not merely a question of the distribution of wealth; it is a question of the right use of wealth.* You know only too well that many working-men do not know how to use the wages which they have at the present time. You know, too, that an increase of wages often means an increase of crime. If working-men are to expect their employers to act with larger notions of equity in their dealings in the labour-market, it is at least rational that employers should expect that workmen will set about reforming their own domestic life. It is at least reasonable that they should demand that working-men shall combine to put down drunkenness and brutal sports. High wages are not an end in themselves. No one wants high wages in order that working-men may indulge in mere sensual gratification. We want higher wages in order that an improved material condition, with less of anxiety and less of uncertainty as to the future, may enable the working-man to enter on a purer and more worthy life. So far from high wages being an end in themselves, we desire them for the workman just in order that he may be delivered from that engrossing care for every shilling and every penny which engenders a base materialism. Therefore, in dealing with the subject of wages, I do not hesitate to insist that you cannot separate it from the whole question of life." *

Thus the new social tendency of thought, of which we are speaking, may be summed up in the remark, that another and

* Pages 175, 176.

higher conception of duties in respect of the relations between labour and capital is gaining ground throughout England, and finding daily more vigorous expression in associated life, in self-government, and in the legislation of the State. In the bosom of the English economic order of the present day lies a new economic theory, which has not indeed been yet formulated anywhere, but in which important progress has already been made.

This is perhaps the place to refer briefly to another question which is beginning to play a great part in England, and which actively occupies the labouring classes. We mean the *land question*. This movement also manifests the characteristic feature of the England of to-day, the desire to admit the great masses of the working classes to a share in those healthy conditions and comforts of life which are enjoyed in such abundance by the middle classes.

Landed property in England is now confronting the second assault made upon it in the course of this century. The first proceeded from the capitalists and manufacturers, the present one proceeds, in the first instance, from the working-men. The tendency and aim of these attacks are, however, very different. The first attack, in which the assailants gained a complete victory, was directed against the corn duties and the ground-rents guaranteed through their means by the State. That class of society which represents the interests of industrial profit perceived very early that the workman is paid not in money but in commodities, and they succeeded in uniting the low standard of the cost of production with the inevitable increase of wages, by obtaining the unlimited importation of cheap food from abroad, and thus raising the intrinsic value of wages without having to put their hands into their own pockets. The present assaults on landed property are mainly caused, in the first instance, by the pressure of an ever-growing population, by the tying up of landed property in England, and the restrictions which make it difficult and expensive to acquire land; but in their theoretical basis, as well as in the so-called practical schemes put forward by their authors, they go far beyond the previous agitation. The Anti-Corn Law movement solved indeed a portion of the bread question at the expense

of the landlord, but owing to the general economic expansion in England, the latter did not remain uncompensated for the loss he had sustained: the present movement, on the contrary, strikes at the roots of landed property altogether.

The land question, started already by the Chartists in a radical spirit, treated since the time of Mill, as a subject of orthodox national economy, in a friendly spirit of reform, and incorporated since Mr. Gladstone's Irish Land Act of 1881 into a practical measure of State, is now the topic of the liveliest discussion in all circles, and especially in those of the working-man. It is as if all socialist ideas, which hitherto, in respect of moveable capital, have been subject to a strict and self-imposed restraint in England, had launched at once their concentrated forces on the existing form and tenure of landed property. At every working-man's congress the land question crops up for discussion; it is canvassed from various standpoints in a host of pamphlets, and it unquestionably now engrosses to a large extent the thoughts of the labouring classes. An English Land Restoration League, a Scottish Land Restoration League, an Irish Land Restoration League, a Land Nationalisation Society, a Land Law Reform League, and a Highland Land Law Association are all actively engaged in proposals of reform; while, on the other hand, a Liberty and Property Defence League has undertaken to defend the existing relations. The entire movement is undoubtedly assuming larger dimensions from day to day, and the whole question seems pressing forward to a solution, as did that of political reform in 1832, or the free-trade movement, which was terminated in 1846. The most widely-differing views are entertained, and the most different schemes put forward. Nevertheless, it is in so far easy to survey the movement in its entirety, as there are two distinct and mutually antagonistic aims pursued. The movement may be traced directly to two books, which have had an extraordinary influence, and around which group themselves almost all the ideas now current on the subject. These are Henry George's well-known book on "Progress and Poverty," and Alfred Russell Wallace's "Land Nationalisation: its Necessity and its Aims."

The first-named work is already well-known on the Continent.

Henry George seeks to justify, on grounds of political economy as well as abstract right, the revolution which he holds to be necessary in the land question. On both these heads his line of argument may be traced to very simple conclusions. Making use of Ricardo's theory of rent, he endeavours, in the first instance, to prove that low wages are caused by high rents, and that the real opposition, therefore, lies not between labour and capital, wages and profits, but between labour and landed property, wages and rents. Now since, in consequence of the growth of population, the improvements in the means of production, and speculative purchases of land, rents have a constant tendency to rise, wages, for the same reasons, have a constant tendency to fall. Beside this economical deduction, he places another, based on abstract right. The only exclusive title to property is, in his opinion, the title of the producer. A man has no property but what he produces. Land and soil can, therefore, never become private property, because it is a free gift of Nature. Moveable and immoveable property are false distinctions of lawyers; the natural antitheses are: wealth and land, property and nature. *Occupatio* and *implantatio* are not sufficient titles for the acquirement of immoveable property. Mr. George then proceeds to state the practical consequences of these views. He demands a nationalisation of the land, that is to say, the State-management of the entire landed property in the nation; and he would accomplish this by providing that the State should absorb the ground-rents by means of taxation. The propositions contained in this book are indefensible on first principles, but they arrest attention from a certain elevation of thought and an attractive style. No book has been more widely read by the working classes during the last few years.

Theoretically, Mr. Wallace takes his stand on exactly the same ground. This writer has gained a hearing, though to a far less extent than Mr. George, mainly by his re-advocacy of an ideal system of peasant proprietorship, already foreshadowed by Mill, and by his attempts to convince his fellow-countrymen of the advantages of such a system, by comparing the conditions of land tenure in Great Britain with those on the Continent. The nationalisation of the land, which forms the basis of his argument,

is his handle for constructing a kind of right of landlordship for the State, while dividing the land itself into portions measured by acres, and granting it to what he describes as "occupying owners." Thus the two divergent elements of his scheme are, on the one hand, the State-management of landed property in the aggregate, and on the other, the establishment of a kind of peasant proprietorship by dividing landed property into shares.

With the purely agricultural aspect of this question we have here no concern. In two respects, however, the land question is one that immediately affects the industrial workman. The Utopian idea of splitting up the land into small peasant holdings differs widely from the scheme of enabling the working classes to obtain, either for use or possession, small pieces of ground near their dwellings, a possibility at present denied to them, except in a comparatively few places, owing to the exclusive and restricted conditions of land tenure in England. Practical experiments have already been made in this direction, and are said to have been made with success. Yet this can only be feasible with regard to certain classes of industrial workmen and under peculiar conditions. For if this system were to become general, the English labourer would have to acquire the taste and skill possessed by the French to enable him to cultivate the soil in addition to his regular employment,—a transition he would perhaps find it more difficult to accomplish than those people suppose who regard the change as a new piece of fortune for him; while, moreover, it would be extremely doubtful whether such a change would be to the advantage of his general way of life. For the English workman's habits are essentially urban. It is just the more highly educated, more industrious, and more aspiring portion of their members who have hitherto employed their leisure hours in adding to their technical skill and knowledge, or taking part in the business of their various associations, in enlarging the range of their ideas by the study of books and newspapers, and thereby contributing to the advancement of themselves and their fellow-workmen,—a tendency which they would only neglect to their own loss and detriment.

Far more general importance, on the contrary, attaches to the

question, By what means the various municipalities can be enabled, by acquiring land, to obtain space for the establishment of healthy quarters for the working classes. The recent Acts concerning working-men's dwellings, to which we shall have occasion to revert in the course of this introduction, constitute an important step in this direction. At any rate, the "municipalisation of the land," to use a phrase applied to this movement, stands within nearer and more practicable distance than the "nationalisation of the land."

CHAPTER IV.

The State, Self-Government, and Self-Help.

Moral cause of changes in the State system.—Self-government: Municipal and Social.—State-interference and *laissez faire*.—England and the Continent compared.—Peculiar conditions of State-action in England.—Co-operation of voluntary self-governing associations.—Their importance in this respect.

1. *Legislative and Administrative Action of the State*:—Growth of Factory legislation since 1833.—The Factory and Workshop Act, 1878.—Its administration and working.—Vigilant attitude of the Trades-unions.—Alkali, etc., Works Regulation Act, 1881.—Coal Mines Regulation Act, 1872, —Metalliferous Mines Regulation Act, 1872.—Merchant Shipping Acts, 1854–1880.—Civil and criminal relations of labour.—Question of Contract of Service.—Master and Servant Act, 1867.—Employers and Workmen Act, 1875.—Conspiracy and Protection of Property Act, 1875.—Laws relating to Arbitration.—Employers' Liability Act, 1880.—Its working and effects.—Employers' Insurance Companies.—Action of the Trades-unions. —Payment of wages in public-houses.

2. *Old and New Self-Government*:—The old magisterial system.—Changes introduced by establishment of large industries.—Increased requirements of modern administration.—Inadequacy of the old system.—Local Boards and Government supervision.—The Poor-law Union.—Public Health Act, 1848.—Establishment of the Local Government Board.—Advantages of the new system.—National Education and the Working Classes.—Dark features of social life.—Reformatories and Industrial Schools.—Public Health Act, 1875.—Effects of sanitary legislation.—Improvement of Working-men's dwellings.—Centralisation of the new system.—Division of administrative labour.—Co-operation of the Government.

3. *Self-Government of the Working Classes*:—Problems left to the Working-men's Associations.—Advantages of freedom of association in England. —Self-reliance and mutual confidence displayed in Working-men's Associations.—Publicity of their proceedings.—Enlargement of their aims.—Their character as voluntary institutions.—Their tendency to centralisation.—Development of official organism.—State supervision and voluntary effort. —Social guarantees against revolutionary change.—Increased cost of production.—Countervailing advantages enjoyed by England.—Adjustment of labour relations a source of strength in future competition.

In the last chapter we endeavoured to show how what is called the social element in economic life has been strengthened in

our time by the moral consciousness of the nation, which will lead, and in part has already led, to a wide-spreading revolution in the relations of the various classes of the industrial community and in economic laws. That this movement has altered also the relations of the State to society is obvious. The practical recognition of the fact that the development of English industries has created entirely new conditions of life for the working classes, which necessitate a readjustment of their relations to the community at large, points forcibly also to reconstructive changes in the sphere of English State-life.

To review and examine these reconstructive changes is not easy, for they cannot yet be considered as in any way complete. It has been said, indeed, that every stage in a nation's progress may be termed a stage of transition, and that no particular mark or token can therefore be affixed to any epoch. This is true, however, only up to certain point; for undoubtedly a nation, and especially also the legislation of a nation, makes more rapid and decisive strides at critical times than in periods of comparative calm, and it is equally indisputable that the present is such a critical time for all nations alike. This explains the fact that, while the changes now being effected in State life in England are easily discernible, their consequences cannot yet be reviewed with any certainty. Nevertheless, the positive results of the last few decades suffice to point out the direction pursued by the State in England with regard to the new demands of society.

To obtain a correct standpoint, however, it must not be overlooked that the State is not the only embodiment of social order, but that national life in all countries finds expression in other forms besides. We refer to those associations of individuals for the attainment of objects differing in kind, but embracing common interests and obligations, which may be designated as self-governing bodies in the widest sense of the term. Generally speaking, it may be said that in proportion as these spontaneous elements in a community increase in strength, and in the competence and willingness to exercise public administrative functions, the sphere of State action is correspondingly narrowed; and that where, on the contrary, they are too feeble, incompetent, and unwilling to perform those functions, the necessity of pro-

viding for certain unsatisfied requirements of national life leads to "State intervention." This Self-Government in the widest sense is divisible, however, into two classes,—namely, Self-Government properly so called, and the voluntary associations of a people. The first applies only to those cases where the State has delegated its functions to an administrative body for the purpose of providing for the wants of a particular locality. English "Local Self-Government" is perhaps the most perfect kind of this self-government that exists. Even voluntary associations, however, may assume forms which constitute them the representatives of social order. Of course this will not be the case where these associations are simply the strengthened expression of a one-sided interest, of the selfishness of a class or group of persons. But where, on the other hand, they gradually discard this lower and narrow-minded form, and divest themselves of their one-sided character, where they cease to regard themselves as mere centres of self-interest, and impose obligations on their members, pursuing a social object in properly constituted administrative forms, they approach more and more nearly to the regular self-governing bodies, supplement those bodies, and, together with them, constitute those forms of social order which stand outside the strict sphere of State mechanism, but the importance of which must be rightly appreciated to enable one to judge correctly of the action of the State at a given time and in a given society.

Every nation, in the course of its history, amid struggles and experiments, discovers at length, under the guiding influence of great rulers or statesmen, the formula of public law which denotes the relation of the State to these various bodies. It is this that constitutes the form of State-Government and legislation, which finds expression not only in the administrative functions peculiar to the State, but also in the legally-recognised action of local self-government and of voluntary bodies, as well as in the co-operation of all three factors. What practical shape these forms assume among a people at a certain time is a question to be determined not by any theory, but only by the relative power and capacity of development possessed by the various self-governing bodies. All theory on this point is mere abstraction founded on given

circumstances, and can only serve as a guide when some void or other is apparent in these mutual relations. Where the social energies of individuals are comparatively weak, theory will rightly push the State into the foreground; where they are strong, the contrary will be the case. "It is not possible," says Thorold Rogers, "to define the precise limit at which *laissez-faire* ends and the action of Government, parliamentary or municipal, begins. The efficiency of spontaneous and independent actions varies with the subject, the community, perhaps the age." *

The legislation and administration of the central power of a State comprise, therefore, only one part of the great task to be performed; the other part depends on the spontaneous energies inherent in the people, and both parts must work in harmony together, unless serious defects of management of one kind or another are to occur. If we compare the relations of these two elements at the present day with those that existed only a few decades ago, we must at once admit that an important displacement has taken place in favour of State interference. The same cycle of change which we noticed in the last chapter of this introduction in connection with the historical relations of economic order to individualism, is found repeated in the historical relations of the State, as the most important representative of economic order, to its subjects. State influence, once so preponderating and all-pervading thoughout the whole of Europe, yielded to a great restriction of its sphere of action, only to resume in recent days its former tendency to expand. The course of this development in England differs from that on the Continent in the fact that the spontaneous energies of Englishmen imposed much earlier and much narrower restrictions on State action than was the case abroad; but it is again assuming at the present day a continental phase by the extension of this State action. The different manner in which this movement has shaped itself in England and on the Continent is a subject which here we can only briefly point out.

Under the Tudors strong analogies can be perceived between

* Address delivered at the Social Science Congress at Huddersfield, 9th October, 1883.

England and the Continent, as regards the relations of the State to society, inasmuch as there, as well as here, the Government at that time undertook to be the guardian of the people. After that time, however, the course of national life in England more and more diverged from that on the Continent. The "glorious Revolution" of 1688 formed the decisive and final turning-point. The dethronement of the Stuarts put an end to those ideas of absolute monarchy of which Hobbes, a generation before, had been so stout a champion. When Bolingbroke, in the eighteenth century gave expression in his "Patriot King" to the idea of a monarch ruling over the heads of parliamentary parties, of a personal kingship, a "paternal government," his views were merely the echo of a time which was rapidly fading into oblivion. While on the Continent the State is continually developing into something outside of and above the nation, entrusted, nay, overburdened with the task of supporting the whole community, and acting as the political and economical guardian of the masses, the State in England is content to grasp only a few attributes of power, and delegates to self-governing bodies all those functions which constitute paternal government on the Continent. In the second half of the eighteenth century England and the Continent present two totally different pictures. On the Continent we perceive an enlightened Absolutism, penetrating deeply all relations of society; in England we see a people who, whether in larger or smaller centres of administration, are essentially self-governing.

We do not remind our readers of this familiar contrast for the purpose of weighing its advantages and disadvantages. People in England have certainly sacrificed the fate of the weaker elements of the nation and the comfort of living under State care; but while, under the paternal care and guardianship of the Continent, the spontaneous energies of the people must necessarily be stunted, the English nation has succeeded in maintaining an unbroken energy, a self-dependence and a self-confidence, which form the basis of her entire system of administration. From these few remarks it is sufficiently clear, that if the State in England is beginning to interfere again actively in social relations, it is doing so under conditions wholly different from those on the Continent. It is those peculiar characteristics of the

English nation, which we have just mentioned, that form the foundations, in the first instance, of her strong substructure of self-government, and, in addition to that, of a large number of voluntary institutions, which minister to public objects and complete the fabric. We have already said that in modern and most recent days the development of voluntarily associated life in England has been absolutely gigantic. It embraces all relations of life, and has grappled with social problems with a strength and power of initiative unparalleled elsewhere.

To form a judgment as to the action of the State, or more correctly speaking, of the central Government in England, it is indispensable to examine at the same time the action of the regular self-governing bodies, as well as of the voluntary associations in that country. State-action, self-government, and the various associations based on the principle of voluntary self-help, particularly those working-men's associations which have already been brought into a legal form, constitute a network of administrative regulations and independent institutions, each fitting into and supplementing the other, and in the co-operation of which lies the secret of social progress in England.

If, then, we see the State at present growing more active, and enlarging its sphere of action under the pressure of wants not satisfied in any other way, are we justified at once in concluding that the two other elements of power—namely, self-government and the voluntary associations—are declining in importance, and becoming too feeble and crippled for coping with the social tasks and requirements of the present day?

The answer to this question will be found by considering the working-men's associations as one of the most important adjuncts to the system of State-life in England, and as indicating the relations of the working classes to society. At present we propose to give merely a brief summary of the new relations assumed by the Government, the self-governing bodies, and the voluntary associations in regard to social problems and to one another.

1. *Legislative and Administrative Action of the State.*

The Government in England has directly intervened in two ways in the development of the working classes: on the one

hand, by creating new and important departments for the protection of the workman; and on the other, by giving a new legal meaning to the contract of service. The first object was attained by the Factory Acts, and by analogous codifications of the law respecting the mining industry and shipping. The second object was attained by a series of Acts reforming the status of the workman in regard to the civil and criminal law. We will consider briefly both these groups of State measures.

Since the passing of the first effective Factory Act in 1833, more than half a century has now elapsed, which has been occupied with gradual legislation on this subject, and during which that legislation has constantly enlarged not only its field of operation, but its aims. At the present day,—reviewing, as we can, the effect of these enactments extending over so long a space of time,—it cannot be doubted that this legislative development has increased to an extraordinary extent the power directly exercised by the State in respect of the relations between the employer and employed, and that the successful results exhibited thereby have contributed more than anything else to modify the views entertained in England respecting "State interference." There is no branch of English legislation that penetrates more deeply into the domain of private rights, but also none the justice and necessity of which at the present day has been more universally admitted by all those whose interests it affects. In former years it was no easy task to describe this legislation by gathering materials from the numerous Factory Acts, but the new codification embodied in the Factory and Workshop Act of 1878,* makes it

* 41 Vict., ch. 16. The preliminary labours of this codification were conducted by a Royal Commission appointed in 1875, who had to inspect the numerous special statutes and examine their operation, and for that purpose pursued their investigations in London, as well as in the large manufacturing towns of England, Scotland, and Ireland. The Commission published a report in 1876, which deals exhaustively with the question. It gives a history of this branch of legislation, explains the reasons of the special regulations then existing for the various branches of manufacture, and seeks to trace them back, as far as possible, to common principles. Its concluding resolutions formed the general groundwork of the Bill which was subsequently introduced. The debates that took place in Parliament in 1878 ("Hansard," vols. ccxxxvii. and ccxxxviii.) are remarkable for the calmness, practical sense, and intelligence

easy to trace the leading features of factory legislation in England. These features have since been modified in respect of particular industries by the Factory and Workshop Act of 1883 (46 and 47 Vict., ch. 53), but not in any manner affecting general principles.

The Factory and Workshop Act of 1878, in its present form, extends practically to all factories,—that is to say, to all establishments in which steam, water, or other mechanical power is used to work any machinery; secondly, to all workshops in which any manual labour is exercised in the making, repairing, or adapting for sale of any article; and lastly, to domestic workshops.* The provisions of the Act fall under two heads, the first consisting of regulations for health and safety in the management of factories and workshops, and the second of regulations affecting the persons specially protected by the Act; that is to say, children under fourteen (those under ten are under no circumstances to be employed), young persons under eighteen, and women. With regard to the first head or group, the Act gives full directions for insuring the cleanliness and proper ventilation of factories and workshops, and for preventing overcrowding. Strict provision is made for the fencing of machinery and dangerous vats and structures, to prevent accidents. No children, young persons, or women are allowed to clean any machinery while in motion, or to work between the fixed and traversing parts of any self-acting machine. Notice of all accidents must be sent forthwith to the inspector and the certifying surgeon of the district, for the purpose of

displayed by all parties in Parliament on this question. Mr. Redgrave, the Chief Inspector, has written a very comprehensive commentary, entitled "The Factory and Workshop Act, 1878" (London, Shaw & Sons, 1879). Another commentary is Mr. Notcutt's "Law Relating to Factories and Workshops; with Introduction and Explanatory Notes" (London, Stevens & Sons, 1879). With respect to the earlier legislation up to 1870, Dr. von Plener's work, "Die Englische Fabriksgesetzgebung (Vienna, Gerold, 1871), is still the best authority. The administration of the Act can be seen from the Annual Reports of the Chief Inspector of Factories and Workshops.

* *Note to the English Edition.*—The Act defines these as referring to cases "where persons are employed at home; that is to say, in a private house, room, or place which, though used as a dwelling, is, by reason of the work carried on there, a factory or workshop within the meaning of the Act" (§ 16).

immediate investigation and report. The provisions particularly affecting the protected persons relate to their hours of employment and leisure, their holidays, and the school attendance of the factory children. In regard to the period of their employment, the Act contains a series of distinctions. Speaking generally and without regard to special exceptions, their work, except on Saturdays, proceeds on what is called the "ten hours' system," extending from six or seven in the morning to six or seven in the evening, with intervals for meals or rest amounting altogether to two, and in many cases to one and a half hours. Since half an hour of this aggregate amount of leisure is usually taken at the end of the working day, the work ends accordingly at half-past five or half-past six, instead of at six or seven. On Saturdays, however, the period of employment lasts only from six or seven in the morning to one or two in the afternoon, with an interval of an hour, or at least half an hour, for meals; so that the total number of working hours per week amounts respectively to fifty-six or fifty-nine. Children may only be employed in factories and workshops either for half a day, *i.e.*, in morning or afternoon sets, or on the alternate day system. For all persons under the age of sixteen a medical certificate of fitness for employment must be obtained by the occupier of a factory (in the case of workshops it is optional), stating that the person in question is not incapacitated by disease or bodily infirmity. With regard to the meals of children, young persons, and women, it is provided that they are to be at regular hours and simultaneous, and all employment during meal-time is absolutely forbidden. Every child, young person, or woman is entitled to have as holidays the whole of Christmas Day, and the whole either of Good Friday or Easter Monday or Whit Monday, and also eight half holidays or four whole holidays in the year, at least half of which must fall between the 15th of March and the first of October. In addition to these general provisions, there are a number of special regulations for particular works and factories, forbidding altogether in some cases the employment of children, young persons, and women, and allowing overtime and night work within certain limits and under definite control.

The persons thus specially protected by the Act have become

the regulators of the hours of work in general; for although legislation in England has consistently avoided any regulation of those hours for grown up men, the "normal day's work," so strictly adhered to in the case of children, young persons, and women, indirectly affects all factories and workshops where men are employed together with the protected persons. The change in public opinion, the efforts made by the trades-unions, and the growing power of the working classes in England, altogether, have long since made these regulations the general rule. In addition to this, there is the general Sunday's rest, strictly in accordance not only with law but also with the habits and religious usages of the people, which, coupled with the practice, now equally general, of leaving off work on Saturday afternoons, leaves the working classes free time from two o'clock on the Saturday till early on the following Monday. This pause in the week's labour has a vital bearing on the moral and intellectual progress of those who profit by it. The requirements of religion, in the first place, play a great part in England, and occupy a portion of the Sunday, and the remainder of the day is a boon to the workman, in proportion as the former widespread mania for drink is decreasing, and his intellectual tastes are tending to expand.

The regulations of the Factory Act respecting the school attendance of the factory children are of the utmost importance. Children, if employed for one half of the day, must give at least one attendance during the other half; and if employed on the alternate day system, must give two attendances on each off day. Further restrictions still may be imposed indirectly on the employment of children in factories by the new Elementary Education Acts, for the School Boards and the School Attendance Committees are empowered to compel the children in their respective districts to attend school twice a day until they have passed a certain standard, thus excluding them from all factory work in the meantime. The occupier of the factory is bound to superintend and keep account of the school attendance of the children he employs; he must obtain from the teacher a certificate (given weekly) of such attendance, otherwise he is not entitled to keep the child in his employment the following week. In the case of home employment an extension of work

hours is allowed; namely, from six in the morning to nine in the evening, and on Saturdays to four in the afternoon, with an allowance, however, of $4\frac{1}{2}$ and $2\frac{1}{2}$ hours respectively for meals and absence from work.

Restricting ourselves in this chapter to general points of view and a summary of English legislation, we have mentioned only the leading provisions of the Factory Act of 1878. We proceed to advert to the wide influence which that Act has exercised on the relations of the working classes, because it is exactly this branch of administration, taken in hand by the Government in England, which has become a focus for social development, and because to this focus gravitate the thoughts and efforts as well of employers as of all classes of workmen, while the working-men's associations and their aims are intimately connected with this Act and its administration.

With regard to the administration and working of this Act, copious information is supplied by the admirable yearly Reports of the Chief Inspector of Factories and Workshops. In 1883 and 1884 we endeavoured, by means of repeated tours with the inspectors of factories, and by making numerous inquiries among employers and workmen, as well as representatives of working-men's associations, to complete our opinion of the practical working of the Act. Its administration is conducted by the Home Office, through the medium of a Chief Inspector in London, five Superintending Inspectors in London, Manchester, Glasgow, and Leeds, and forty-eight other Inspectors distributed over England and Scotland. Part III. of the Act defines the official functions and powers of these inspectors. It is their duty to visit, whenever necessary, all factories, workshops, and schools situated within their respective districts, and to ascertain whether all the provisions of the Act are complied with; for this purpose they are empowered to call for documents and examine witnesses, and require them to sign a declaration of the truth of the matters respecting which they are examined. All offences under the Act are to be prosecuted, and all fines recovered before a court of summary jurisdiction. The Chief Inspector derives his information from the reports which his subordinates are bound by their official direcions to furnish him once a week. It is considered, however

most important that he should be in constant personal contact with them, satisfy himself of their activity personally and on the spot, and hold frequent conferences of inspectors in London. In this way the whole service is based upon close investigation and prompt decision, the result of which has been that the Inspectors of Factories have become not only a new authority in the State organism, but an active and mediating element between the interests of labour and capital. It is largely due to them that these two factors do not confront each other in England with that uncompromising hostility and distrust which they exhibit in other countries. The inspectors are enjoined in their instructions to do their best "to soften prejudices and further a good feeling between masters and workmen"; and neither party will deny them the merit of admirably discharging this duty. Their activity at the present day is enormous and astounding, if we consider that the number of factories and workshops under inspection, which in 1833 was only 3,094, amounted in 1884 to no less than 132,000;* and that the discharge of their official duties involves not only personal visits of inspection, the examination of witnesses, prosecutions at law, and the compilation of weekly reports, but also a constant round of travelling. The great importance of the inspectors is due to the fact that, on the one hand, they do not take too narrow-minded a view of their duties, and that, on the other, they do not intermeddle in matters beyond their control.† They

* G. Shaw-Lefevre: "Opening Address: Transactions of the National Association for the Promotion of Social Science (Birmingham Meeting, 1884)," London, 1885, Longman, Green & Co.

† "I have applications for advice," says Mr. Redgrave in his Report for 1883 (p. 6), "in almost all the relations between master and servant. One apprentice asks whether, after having worked at his trade, his master can insist upon his cleaning knives and boots in the house; another, whether he can be compelled to take out parcels; another, whether deduction can be made from his pay for absence from work; another, whether on his master owing him six weeks' wages, his acceptance of one week's wages would bar his claiming the balance; then, supposing he proceeded against his master for the balance and the master did not pay, how was he to get his due? Again, young ladies in dressmakers' workrooms have applied to know whether their employers could refuse them leave to go and seek other employment; whether a week's or a month's notice to leave was required; whether they are not entited to a fortnight's holiday; and complaints of insufficient food and ill-ventilated bedrooms. Although I

exercise tact and an intelligent influence on employers as well as workmen in a number of questions, which are only indirectly connected with their strictly official duties; but in this *officium boni viri* they keep within proper limits, and carefully abstain, on principle, from meddling with questions of wages, or intervening in wage disputes and strikes, since to do so would undoubtedly destroy their authority. From the large employers of labour they meet with cordial and unstinted support. In all matters concerning the health and safety of the workman, the due observance of the prescribed hours of employment, proper accommodation for meals, and the school attendance of the children, most of the English factories, and particularly those of most recent construction, are models of careful forethought and arrangement, though certainly, in regard to the small ones, there is still much room for improvement, and ample necessity for exercising strict vigilance and control.

In connection with the Factory Act, we must not omit to notice the position taken up by the trades-unions. They keep watch over its strict observance with a kind of jealous scrutiny, not only through their organs of the press, but also through their representatives in Parliament. Their chief wish is that the number of inspectors, each of whom on an average has considerably over 2,000 factories and workshops under his superintendence, should be increased, and that some of them should be chosen from among the working-men themselves, as has actually been done in some cases of late years. In reply to this demand, it is urged that it is desirable to continue choosing the inspectors from those circles, particularly officials versed in a technical knowledge of their duties, whose antecedents have not brought them into alliance with either manufacturers or workmen.

With regard, lastly, to the general question, how far the Factory Act of 1878 is strictly enforced, all witnesses concur in stating that the provisions respecting the periods of employment, and the school attendance of children, are at present carried out

cannot satisfy all my correspondents, it is a pleasing proof that we are looked upon as impartial judges, and our advice sought as that of unprejudiced persons."

satisfactorily. As to illegal overtime, the vigilance of the inspectors has checked the evil. The number of prosecutions by the inspectors for offences against the Act has amounted of late years to an annual total of from 700 to 900. The particular offences are published in the general reports of the Chief Inspector, together with the names of the employers concerned.

The great influence exercised by factory legislation on the health of the workman, and his security against accidents, will occupy our attention hereafter in connection with the question of insurance. On the other hand, we feel bound to mention the fact, which is established on all sides, that, as regards the superintendence of home industry, the Act has remained a dead letter. The inspectors content themselves with inquiring into, and eventually bringing before the court, some particularly bad case here and there; but in general these "domestic workshops," which are far too numerous and difficult of access for effective control, still elude their influence and authority altogether.

For chemical factories there is a special measure of protection to the workman in the Alkali, etc., Works Regulation Act of 1881 (44 and 45 Vict., ch. 37), the last of a series of enactments on this subject dating from 1863, and containing provisions of a sanitary nature. This Act prescribes, among other things, that noxious and offensive gases in these works must be, as far as possible, condensed; that the best practicable means must be taken for preventing the discharge of such gases; and that acid drainage or alkali waste shall not be discharged in a manner injurious to health. The supervision of these factories is entrusted to inspectors acting under the Local Government Board. Whoever visits the great chemical factories in Glasgow and Newcastle-upon-Tyne, will be able to observe with interest how the provisions of this Act have influenced and changed the technical arrangements of those works, what an impulse they have given to invention, and how materially they have improved the conditions of labour in this dangerously unhealthy branch of industry.

The same man, to whose increasing efforts is largely due the progress made in factory legislation, gave also the first impulse to the regulation of the mining industry and the protection of the persons employed in it. Lord Ashley (afterwards the Earl of

Shaftesbury) succeeded in obtaining the appointment of a Royal Commission to inquire into the employment of children in mines. The result of their labours was the Act of 1842, which prohibited the employment of women and children in mines and the payment of wages in public-houses. The Act of 1860 added further provisions with reference to State inspection. The mining regulations were supplemented by the Act of 1862. Meanwhile, the English miners, and especially those employed in the collieries, had formed themselves into powerful trades-unions, which constituted the Miners' National Union; and under the leadership of the late Mr. Alexander Macdonald, himself a former working miner and afterwards Member for Stafford, strove both in and out of Parliament for further legislative reforms. Mr. Macdonald, the first President of this Union, was a man who, like Oastler and Sadler, understood how to organize large bodies of workmen and secure a hearing for their legitimate demands. His efforts met with a readier response than was the case in the days of his predecessors; and he received powerful aid not only from the workmen, but from Parliament and the press. At his death, in 1881, he left behind him a common organization of miners, which holds one of the first places in respect of unity, consciousness of purpose and success, among the numerous working-men's associations in England. His efforts for the abolition of the truck system, for the passing of an Employers' Liability Act, and, lastly, for the extension and consolidation of the Mining Acts in general, were crowned with great success. The English miners justly regard the Coal Mines Regulation Act of 1872, which forms a comprehensive codification of the law relating to mining, as in a great measure his work.

This last-named Act (35 and 36 Vict., ch. 76) * contains provisions respecting the employment of women, children, and young persons, the payment of wages, the powers of inspectors, and regulations for insuring the safety of all employed. No boy under ten, and no woman or girl of any age, are allowed to work

* See M. Peace, "The Coal Mines Regulation Act, 1872," London, 1873; L. A. Atherley-Jones' "Miner's Manual," London, 1882; and, for the working of the Act, the annual Reports of the Inspectors of Mines, which are rich in statistical and other information.

in any mine below ground; and boys between ten and twelve are only allowed to work in mines where, by reason of the thickness of the seams, such employment is necessary; and even then only by special leave of the Secretary of State, and with limitations of the hours of labour. Boys between twelve and thirteen, and male young persons under sixteen, are not allowed to work for more than fifty-four hours in any one week. With regard to the employment above ground of the persons specially protected, to their meals and schooling, the Act contains provisions analogous to those in the Factory and Workshop Act. A series of minute directions with regard to wages prohibit, among other things, their payment at public-houses, and regulate the mode of payment by weight. The staff of inspectors, consisting of fourteen principal and twelve assistant inspectors for England and Scotland, is organized similarly to that connected with the factories, though they are insufficient, as is admitted on all sides, for the exercise of a searching supervision and control. The numerous provisions respecting the safety of the mines, the construction of shafts for working or ventilation, the strict certificates of competency required from managers, the obligation to make reports, particularly in case of accidents, the precautionary rules of every kind, the system of signalling, the state of the working shafts, the daily inspection of the condition of the ventilation, the prevention of explosions, and so on, are closely connected with the efforts made by science and practical experiment in various directions,—particularly in regard to safety lamps, atmospheric pressure, fire-damp, etc.,—to avert the most threatening dangers to which mining operations are exposed, and which, in consequence of the increasing depth of the mines, constantly demand greater care and caution.

For metallic mining, the Metalliferous Mines Regulation Act of 1872 (35 and 36 Vict., ch. 77) forms an analogous supplement to the Act of 1842. With respect to boys' labour its provisions are still stricter, since they prohibit their employment altogether until the completion of their twelfth year.

Lastly, we must mention here the numerous Merchant Shipping Acts, the most important of which, namely, the Act of 1854, has been supplemented by a host of other statutes, the principal

ones being in 1862, 1863, 1867, 1871, 1872, 1873, and 1876.* These Acts, which still await consolidation, are generally referred to, together with the Merchant Seamen (Payment of Wages) Act of 1880, as the Merchant Shipping Acts 1854–1880. They have effectually checked the incredible abuses, owing largely to the greed of unscrupulous owners, and consisting in sending unseaworthy ships to sea, in order to make profit out of their loss by means of over-insurance. In addition to these provisions, which will ever be associated with the name of Mr. Plimsoll, these Acts contain a complete code of law with regard to the respective duties of the captain and his crew, the discipline of the seamen, the protection and registration of the crew, the victualling of merchant vessels, the prevention of accidents, and so forth.

All these groups of statutes, which we have thus sketched in outline, are included by Englishmen under the general denomination of "labour protection Acts." They have contributed immensely to the elevation of the working classes, and one meets with the effects of their operation at every step. One of these effects, however, has been to equalise the position of all manufacturers in respect to the hours of labour, and thus to impose a check, at least on one side, to unfair competition. Formerly the honest and humane employer was seriously and unfairly handicapped in competing with rivals who screwed the utmost labour out of their workmen; but since protective legislation has successfully coped with these abuses, the honest employers have profited considerably by the change, and are indeed as staunch supporters of these Acts as the workmen themselves.

We come now to the second group of statutes, which relate to the civil and criminal side of the relations of labour.†

* *Note to the English Edition.*—25 and 26 Vict., ch. 63 (Merchant Shipping); 26 and 27 Vict., ch. 51 (Passengers in Emigrant Ships); 30 and 31 Vict., ch. 124 (Medicines, etc.); 34 and 35 Vict., ch. 110 (Unseaworthy Ships, Collision); 35 and 36 Vict., ch. 73 (Emigrant Ships, Registry, etc.); 36 and 37 Vict., ch. 85 (Merchant Shipping); 39 and 40 Vict., ch. 80 (Unseaworthy Ships and Miscellaneous).

† T. J. Arnold, "Employers' and Workmen's and Conspiracy and Protection of Property Acts," London, 1875; Bojanowski, "Unternehmer und Arbeiter nach Englischen Recht," Stuttgart, 1877; James Edward Davis, "The

With regard to the contract of hiring and service, its obligations and working, there has been a total change of standpoint in English legislation. As is well known, the old legislation, as embodied in the Statute of Labourers of Edward III., and in those of Elizabeth, rested on anything but the so-called "freedom of contract." Their ultimate object was to compel the population to work; they regarded the labour of the lower classes as indispensable to public order, and it was simply a consequence of this view, which, as is well known, was carried out in England with great severity, that neglect to work, the breach of contract, was treated as a breach of public order, as an offence, involving criminal punishment. This view was maintained in English legislation for a remarkably long time, and its last traces were not abolished until the Act of 1875. Even up to 1867, the workman who had committed an intentional breach of contract was liable to imprisonment by a justice of the peace; while, on the other hand, his right of complaint against his employer was of a purely civil character, and moreover the liability to imprisonment incurred by the employer, in the event of his failing to pay the sum eventually awarded to the workman, was scarcely ever practically enforced. In addition to this, the laws respecting wages were too often administered in a very one-sided manner by the magistrates, who stood on much closer relations with the employers than with the workmen, and in many cases were actually chosen from the ranks of the former. The necessity for reform in these relations led, after the question had been studied by a Select Committee, to the Master and Servant Act of 1867 (30 and 31 Vict., ch. 141). In this Act the simple breach of contract was divested, indeed, of the character of criminality; but, on the other hand, the penalty of imprisonment, with or without hard labour, was retained for breaches of contract of an aggravated character. This distinction, and the cor-

Labour Laws," London, Butterworths, 1875 (an admirable commentary); A. Fraser, "Treatise on the Law of Scotland relative to Master and Servant," second edition, 1882; George Howell, "A Handy-book of the Labour Laws," London, H. W. Foster, 1876 (a good and comprehensive work); J. Macdonnell, "Law of Master and Servant," London, 1883; C. Petersdorff, "Practical Compendium of the Law of Master and Servant," London, 1876.

responding operation of the Act, gave rise to hostile criticism. It was urged with justice that the discrimination between simple and qualified breaches of contract revived the inequality of treatment, as between the master and workman, which had formerly been contested, and that such a boundary line could not be drawn with any accuracy, and led to an arbitrary administration of the Act.

To review fully, however, the reform that took place in 1875, we must first refer to some previous statutes dealing with the mutual relations of workmen to their employers, exclusively of a criminal nature. When the Act of 1825 (6 George IV., ch. 129) finally repealed the Combination laws, this repeal was accompanied with special provisions, by which acts of violence, committed by threats or intimidation to the injury either of person or property, were made criminal offences. But although these provisions were impartially conceived, they practically operated only against the workman. It was intended by them to prevent the freedom of combination from being abused, and on that account penal provisions were directed against exercising compulsion on a person to induce him to neglect work, or hindering him from making agreements to work, or forcing him to enter a trades-union, or compelling an employer to make changes in his way of business, or to limit the number of workmen or apprentices, etc. The legal recognition of trades-unions in 1871 necessitated another alteration of these provisions. This was done by the Criminal Law Amendment Act of 1871 (34 and 35 Vict., ch. 32), which was framed also to meet the many objections raised against the loose and vague provisions of the former statute. It was urged, however, even against this new Act, that it was a piece of class legislation, that practically it operated only against the workman, on the ground that the employer was not criminally liable for exercising compulsion on those in his employment, and that the expressions in the Act as to intimidation, molestation, etc., were still ambiguous and obscure.

Legislation had reached this point when the Conservative Ministry of Mr. Disraeli, in 1875, took up with undeniable ability the work of reform, with the view of giving full, but as we shall

see, not undue effect to freedom of contract, of strictly separating the civil from the criminal element of the law, and of codifying both elements in two distinct Bills. After an elaborate inquiry, conducted by a Royal Commission,* this object was realised by the introduction of two Bills, which were piloted through the Commons by the then Home Secretary, Sir Richard Cross, and passed into law the same year under the titles of the Employers and Workmen Act (38 and 39 Vict., ch. 90), and the Conspiracy and Protection of Property Act (38 and 39 Vict., ch. 86). They govern the entire civil and criminal relations between labour and capital, and occupy accordingly one of those main positions of English law which we are bound to notice at this stage, to enable a clear understanding of what follows.

As regards the Employers and Workmen Act, which relates to the purely civil aspect of the question, it provides that all disputes between an employer and a workman arising out of or incidental to their relation as such, shall be heard and determined by the County Court, or optionally, in case the amount claimed or awarded or the security given does not exceed £10, by a court of summary jurisdiction, thus meeting the objection that non-stipendiary justices of the peace, sitting singly, were not proper judges to decide disputed questions as to wages between labour and capital. The powers of the Court deserve particular notice. The justices in England have at all times intervened judicially in questions concerning wages; in earlier days, indeed, by directly fixing the amount of what they considered "reasonable wages," but afterwards, and up to 1875, by being invested with authority, not only to decide, but to direct and order. This principle has been adhered to in the Employers and Workmen Act, and the judge is accordingly empowered,

* See, in particular, the "Second and Final Report of the Commissioners appointed to Inquire into the Working of the Master and Servant Act, 1867, and the Criminal Law Amendment Act, and for other purposes," which contains a summary of earlier legislation and a searching discussion of the whole field of inquiry. A very interesting debate on the Employers and Workmen Bill took place on the second reading in the House of Commons, on June 10th, 1875 ("Hansard," vol. ccxxiv. pp. 1668 *seq.*).

according to the circumstances of the case, to adjust and set off against each other all claims on the part either of the employer or of the workman, to rescind contracts, to award damages, or, if the defendant is willing to give security, and the plaintiff consents, to order the performance of the contract. The courts of summary jurisdiction have similar powers as to contracts between masters and apprentices; they may make orders directing the apprentice to perform his duties, or rescind the instrument of apprenticeship itself, and order the whole or part of the premium to be repaid. In this way the Act, restricted as it is to the purely civil side of the relations of labour, is not simply a formal exposition of private rights, but an active and governing element of contract.

The criminal side of the relations of labour is dealt with, as we have already said, in the Conspiracy and Protection of Property Act of 1875. This statute formulated comprehensively the "wilful and malicious" breach of contract, which had been included in the Master and Servant Act of 1867 in the vague expression, "qualified breach of contract," and coupled with it the provisions of the Criminal Law Amendment Act of 1871, which reappeared in this new enactment. In the first place, any person who wilfully and maliciously breaks a contract of service or of hiring, in three specified cases, is liable either to pay a penalty not exceeding £20, or to be imprisoned for a term not exceeding three, or, in the third case, six months with or without hard labour. The three cases are as follows:—

(1) Where a person employed by a municipal authority, or by any company or contractor on whom is imposed by Act of Parliament, or who have assumed the duty of supplying any place with gas or water, wilfully and maliciously breaks a contract of service, knowing or having reasonable cause to believe that the probable consequences of his so doing will be to deprive the inhabitants wholly, or to a great extent, of their supply of gas or water;

(2) Where the probable consequences of the breach of contract of service will be to endanger human life, or cause

serious bodily injury, or to expose valuable property to destruction or serious injury;

(3) Where a master being legally liable to provide for his servant or apprentice necessary food, clothing, medical aid, or lodging, wilfully and without lawful excuse refuses or neglects to provide the same, whereby the health of the servant or apprentice is or is likely to be seriously or permanently injured.

A penalty not exceeding £20, or imprisonment for a term not exceeding three months, with or without hard labour, is imposed also on certain offences taken from the Criminal Law Amendment Act. They relate to those acts of annoyance, violence, or intimidation which arose out of the strikes and the struggle for higher wages, such as hindering others from taking work or compelling them to join in a strike, hiding their tools or clothes (or "rattening," as it is popularly called), watching a house or factory to prevent strange workmen going thither during a strike (a practice known as "picketing"), following persons about from place to place, and so forth. All these acts are only made punishable where they are done with a view to wrongful and illegal compulsion; no penalties attach to the exercise of persuasion and wholesome influence.

These two Acts thus completed for the first time in our days the distinction between civil and criminal offences. They are well adjusted to existing relations, and protect in no narrow or exclusive spirit the interests of the public.

A series of other enactments regulated further the relations of wages. We should mention first the laws relating to courts of arbitration. The Act of 1824 (5 George IV., ch. 96) had already dealt, to some extent, with this subject, and more recently it has been regulated anew by the Councils of Conciliation Act of 1867 (30 and 31 Vict., ch. 105), and the Masters and Workmen Arbitration Act of 1872 (35 and 36 Vict., chap. 46). Inasmuch, however, as the voluntary boards of arbitration and conciliation got a start of legislative efforts in that direction, we propose to consider the purport and operation of these laws in connection with the voluntary institutions in question.

A position of great importance, on the other hand, as regards the present law of wages in England, belongs to the Employers' Liability Act of 1880 (43 and 44 Vict., ch. 42).* This Act, which was to continue in force for seven years, is equally interesting in regard to the legal principles it enunciates, as in regard to the operation it has had in various directions.

The English law as to the liability of employers turns on the notion of "common employment." It is a general principle of English law that a person is liable only for injuries which he himself has caused; an exception to this principle occurring when a person acts under commission from another,—as, for example, a workman in the service of his employer. In this case steps in, according to the maxim "*respondeat superior*," the liability of the employer as against the third party. The English employer is liable therefore for an injury occasioned to the third party by one of his workmen. But if this third party is also in the service of the employer, the latter is not liable by common law. The English law assumes that whoever enters into employment, has naturally been aware of the risks incidental to that employment, and is willing, in consideration of the payment of his wages, to undertake them; and the practice of the English law further assumes that these incidental risks, thus tacitly undertaken by the workman in entering into his labour contract, include also any injuries to which he is exposed by the negligence of a fellow-workman. If, therefore, a workman suffers injury by the negligence of a fellow-workman, he has, according to the doctrine of common employment, no claim to compensation against the employer; whereas, if the injured person is not a workman, and therefore stands outside the relation of labour, he has certainly a claim to compensation against the employer. It is to obtain a

* The materials for this Act are contained in the Reports of the Select Committee on Employers' Liability for Injuries to their Servants, 1876 and 1877. The best commentary on the subject is that of W. Howland Roberts and George Henry Wallace, "A Summary of the Law of the Liability of Employers for Personal Injuries," London, 1882. It contains in particular a clear account of the doctrine of "common employment." See also T. Beven: "The Law of the Employers' Liability for Negligence of Servants," London, 1881; A. H. Ruegg: "Treatise upon the Employers' Liability Act," London, 1882; and E. R. Turner: "Employers' Liability Act," London, 1882.

change in this relation of liability that the efforts of the workmen have been directed. The late Mr. Macdonald was the advocate in Parliament of their demand for the total repeal of the doctrine of common employment, which had thus limited the liability of the employer as against his workmen. The employers, on the other hand, protested against this alteration of the law on different grounds. They declared that it would tend to increase accidents, since the workmen would think rather how to cause than how to prevent them; and, further, that those whose interest or desire it was to promote every possible occasion of dispute, would take advantage of such accidents to breed ill-will and dissension between the workmen and their employers. The result of these conflicting demands was, as is usually the case in England, a compromise. The doctrine of common employment was not actually repealed, but was virtually restricted in its application, by making the liability of the employer expressly extend to a series of important cases, in which, according to that doctrine, he had formerly been exempt from liability. The five cases are as follows:—

Where personal injury is caused to a workman

(1) By reason of any defect in the condition of the ways, works, machinery, or plant connected with or used in the business of the employer; or

(2) By reason of the negligence of any person in the service of the employer who has any superintendence entrusted to him whilst in the exercise of such superintendence; or

(3) By reason of the negligence of any person in the service of the employer to whose orders or directions the workman at the time of the injury was bound to conform, and did so conform, where such injury resulted from his having so conformed; or

(4) By reason of the act or omission of any person in the service of the employer done or made in obedience to the rules or bye-laws of the employer, or in obedience to particular instructions given by any person delegated with the authority of the employer in that behalf; or

(5) By reason of the negligence of any person in the service

of the employer who has the charge or control of any signal, points, locomotive engine, or train upon a railway.

No liability accrues to the employer in cases (1) where the defect in the works was not connected with any negligence on his part, or on that of some person in his service appointed to attend to them; or (2) where the injury did not result from any impropriety or defect in the rules; or (3) where the workman knew, but failed to give information of the defect or negligence which caused his injury. The amount of compensation, subject to the deduction of any money payable under penalty, is not to exceed the estimated earnings, during the three years preceding the injury, of a person in the same grade employed during those years in the like employment and in the district in which the workman was employed at the time of the injury. Actions for compensation, which must be commenced within a specified time, are triable in the County Court in England, in the Sheriff's Court in Scotland, and in the Civil Bill Court in Ireland.

As regards the judicial working of the Act, the experience now of several years enables one to affirm that it has neither confirmed the hopes of the workmen nor the fears of the employers. The number of civil actions brought under its provisions is comparatively small. The total number of cases tried in the County Courts in 1881, 1882, and 1883 was 443 in England and 234 in Scotland, and the amounts of compensation awarded were £18,124 and £4,249 respectively. In 1884 there were 99 cases in England, and 149 in Scotland, the corresponding sums awarded for compensation being £8,882 and £2,127. It must not be forgotten, however, that the effect of these, as of all judicial decisions in England, is to serve as precedents and guides for settling analogous disputes out of court.*

Outside the law-courts, however, the Act has brought about all the more active a movement. Above all must be mentioned the effect it has produced on the insurance system. At first many of the assurance societies accommodated their manner of business

* Returns relating to the Employers' Liability Act, 1880. Presented to Parliament, 1884 and 1885.

to meet the new state of things, by undertaking as risks, in return for the payment of extra premiums by the employer, the possible claims for compensation under the Act, and paying into court, on his behalf, the sum judicially awarded. With the same object, entirely new assurance societies were started, which carried on a fierce competition for custom. But soon many of the employers also, in particular industries, found it to their interest to protect themselves against the possible consequences of the Act by forming insurance companies of their own. The first institution of this kind was started by the Iron Trades Employers' Association, the counter-association to the well-known trades-union of the Amalgamated Engineers. In the insurance company which they established, each employer pays annually for each of his workmen, according to a special scale of risks, one-ninth, one-third, or two-thirds per cent. of his yearly wages, in return for which the Association undertakes to defend him in court, and pay whatever compensation may be awarded. The same system prevails in other combinations of employers for this purpose,—as, for example, the Master Builders' Association. Still more important, however, is the practice adopted by a number of large concerns, which on the one hand require their workmen to renounce their claims to compensation, or, as it is termed, to "contract themselves out of the Act"; but on the other hand, as compensation for so doing, either establish new associations in union with their workmen for insuring them against accidents, and subscribe up to 25 per cent. of the fund, or give their support to old societies of this kind. This course has been adopted by the London and North Western Railway with nearly fifty thousand of their *employés*; and a great movement took place also among the workmen, more especially soon after the passing of the Act, in the coal-districts of Lancashire and Staffordshire, in the direction of "mutual assurance." On the other hand, numerous cases occurred in which employers compelled their workmen by pressure to renounce their claims to compensation, and this gave the trades-unions a handle for taking up a position hostile to the Act.* At the Trades-

* See the Report on the fourteenth, fifteenth, and sixteenth Annual Trades-union Congresses; printed in Manchester by the Co-operative Printing Society, Limited. Some valuable material respecting the working of the Employers'

union Congresses in 1881–4 repeated resolutions were passed, condemning the "permissive character" of the Act. The trades-unions urged, not without justice, that every renunciation by the workman of his legitimate claim to compensation was contrary to the spirit of the Act, and defeated its special object, which was above all preventive, and was intended to compel employers to conduct their business with the utmost possible safety to the lives and limbs of their workmen. The compensation itself, they said, was a secondary consideration; the main thing was the prevention of accidents; and steps must be taken to prevent an employer from purchasing immunity, by his mere subscription to a benefit society, from the duty, imposed on him by the Act, of providing for the safety of his workmen. Mr. Macdonald, accordingly, introduced an amending Bill in 1881 (January 19th), which declared all renunciations of the right to compensation under the Act to be illegal arrangements. The Bill was withdrawn at the end of the session, without reaching a second reading (August 10th). It was re-introduced in 1883 (February 16th) by Mr. Burt, but was rejected by a large majority (149 to 38),* partly because the House of Commons was not disposed to interfere with freedom of contract, and partly because it was deemed advisable to allow further time for ascertaining the working of the Act. Meanwhile, however, the trades-unions got up an agitation to prevent the workmen, as far as possible, from renouncing their rights, and established a fund (the trades-unions of the United Carpenters and Joiners, for example, contributed fourpence yearly per member) for defending their members in any suits brought under the Act. In some cases Trades Councils have paid as much as £150 costs, in order to bring important cases before the courts of appeal.

Summing up the working of this Act, which has been so important as regards the relations of the workman to his employer,

Liability Act, as well as the position taken up in regard to it by various classes of workmen, is contained in the *Provident*, a monthly periodical published at Wigan, in Lancashire, since 1881.

* *Note to the English Edition.*—The Government, in supporting Sir J. Pease's amendment, which proved fatal to the Bill, stated as one of their reasons for so doing, that as the Act had only been passed for seven years, the whole question would shortly be revived.

we are bound at once to admit that in its present shape its influence has not been favourable, since it has created a new point of dispute between labour and capital, without removing the old one, on which account it has been described in many quarters as a half-step taken on a wrong path. Hence it is difficult to foresee whether, when the seven years of probation have expired, the Act will be renewed in its present form, or whether it will be thought better to settle the whole question either on the ground of insurance, or by enlarging the area of liability, and prohibiting all contracting out of the Act. On the other hand, it is not to be denied that the Act has given a great impulse to independent insurance against accident, more especially in the mining industry, as we shall hereafter have occasion to notice in more detail. Just as little can it be denied that the Act has made employers more careful, and thus materially diminished the number of accidents.

With regard, lastly, to the enactments concerning the payment of wages, we find the Truck and Cottage System prohibited already by two Acts of 1831 (1 Will. IV., ch. 36 and 37). Provisions against the payment of wages in public-houses occur, as we have already noticed, in the Coal Mines Regulation Act of 1872, and the Metalliferous Mines Act of the same year. This prohibition has since been made a general one by the Payment of Wages in Public Houses Prohibition Act of 1883 (46 and 47 Vict., ch. 31).

2. *Old and New Self-Government.*

There was a time when exclusive attention was paid to constitutional law, and the question of administration was neglected. At the present day we have to guard against the danger of judging economic relations independently of their connection with the administrative action of the State. An active interchange of functions exists between public government and economic life. The former receives from the latter its prescribed aims, and gives it support and security in exchange. Government, however, must always be considered in two aspects,—namely, according to the outward form which it assumes, and the men who are called on to administer it.

Nowhere are these two aspects of the question brought more distinctly into relief than in the changes experienced by Self-

Government in England during the course of this century. At the beginning of the century we find it still existing in its ancient forms. What these forms, and what the ancient system were, has been described by Gneist in a historical and systematic manner. This old self-government rests on the old centralised power of the Crown, which delegated particular administrative functions for certain areas—such as counties, hundreds and tithings—to unpaid officers, who however were real officers of State, and whose responsibility, therefore, was fully recognised by the law. "The objects of self-government are not the private interests of the self-governing bodies, but public duties,—such as service on juries, the administration of police and public safety, the recruitment for the regular army and militia, the poor-law, public health, and public highways, the assessment and apportionment of parochial taxes, and the management of parochial property; all this regarded merely as means to an end, —namely, the fulfilment of duties towards the State."* The old system of self-government rests accordingly in the hands of a number of unpaid officers, whose powers and duties are well known. Such are the Lord-Lieutenant of the county, the Sheriff, the Coroner, the Justices of the Peace, High-constables, Way-wardens, Churchwardens, and Poor-law Guardians,—all of whom, with the sole exception of the Coroner, are appointed by the Crown, and bound to take office.

This side of English self-government gives, however, a very imperfect notion of the institution as a whole. Its practical centre lies rather in the spontaneous activity of the governing classes, to whom these offices are delegated by commission from the Crown,—in the willingness and competency of a sufficient number of persons to discharge these duties conscientiously, as officers of State, without any emolument. "Such offices require a higher degree of education, a settled independence and secure position in life, and the habit of demanding and obtaining respect from other men; in short, a character which proceeds only from the union of education with personal independence. Self-govern-

* Gneist: "Self-Government, Kommunalverfassung und Verwaltungsgerichte in England," Berlin, 1871, p. 70.

ment accordingly fills these offices with persons who possess sufficient property to be independent, who employ that property in qualifying themselves by means of a better education for those offices, and who are able to devote their powers, in union with their neighbours, to the community, and thus enlists society, from the top downward, in the service of the State." * That England possessed the requisite number of men, who were not only fully competent for this task, but who discharged it from the height of an independent position in life and a refined education, has tempted us to regard this old self-government as an ideal, and to overlook its defects.

The central figure of this old system of self-government, termed by Gneist the "magisterial," is the Justice of the Peace, of whom Chief-Justice Coke made the often-quoted remark, that it was an office the like of which, if properly filled, did not exist throughout the whole Christian world. The office attests to this day, though overladen with new and different functions, the greatness and simplicity of a bygone order of society. The twelve thousand acting justices of the peace now distributed over the various counties in England, and constituting a powerful element, as the immediate representatives of the conscience, the order, and the power of the State, give the clearest notion of the operation of the old system of self-government on the internal stability and union of the English nation. In this respect it has had a world-wide importance in history. "The education of the nation for State functions," says Gneist, "laid the foundation for the greatness of England. The details, as in old Roman life, are simple, sober, and business-like, very different from the brilliant pictures once spread throughout Europe by Montesquieu and Delolme. But these simple institutions are solid and enduring, and, when tested by great tasks, they show all the vigour and greatness of a free nation. In the struggle with the American colonies, and still more in the struggle against French revolution, the result clearly showed how this political training of the nation had created within a little island a State which has incorporated Scotland and Ireland, colonised North America, appropriated the

* Gneist, *ut supra*, p. 900.

most favoured part of Asia and a new continent, become the mistress of the seas, and rivalled the other powers in the glory of her arms." *

But just as, since the beginning of this century, the economical and social conditions of English society have experienced a rapid and organic change, so also a transformation has taken, and is taking, place in most of the foundations of her ancient fabric of self-government, in the way of additions, limitations, and modifications, which have already given it a different aspect, and will probably result in further reconstruction, though not in such a manner as to justify, in our opinion, the conclusion arrived at by Gneist, that State-life in England has overpassed its zenith, and that its foundations are now in the nineteenth century beginning to tremble.†

Mechanical invention, and the consequent establishment of large industries, gave an impulse to a change in self-government. The displacement thus occasioned in the population rent asunder old connections, and the new assemblages of workmen in the towns and manufacturing districts created new wants, which became more urgent every day. The middle, as well as the working classes, put forward new claims upon the Government. We have designated the new grouping of the producing classes, which has been effected in England by modern industry and modern commercial intercourse, as a new form of settlement. This fact shows its consequences in the system of self-government. The Government found itself confronted with a number of previously neglected questions, regarding elementary education, the poor laws, the law of settlement, health, wages, dwellings, and food-supply, as it were in an entirely new society. To solve

* Gneist, *ut supra*, p. 61.

† This last reflection runs like a thread thoughout the whole of Gneist's book which we have quoted. In his last work, "Das Englische Verwaltungsrecht der Gegenwart in Vergleichung mit dem Deutschen Verwaltungssysteme," Berlin, 1883 and 1884, Gneist is evidently impressed by the remarkable results achieved both by the new system of State- and self-government since 1870, which cannot fail to strike an unprejudiced observer, and is more ready than formerly to acknowledge that, taking existing circumstances into account, the new administrative system in England has made successful progress towards the solution of formerly neglected problems.

these questions was a task to which the old form of self-government was unequal, for they demanded an energy, a stability, and a knowledge of technical details such as not only exceeded the amount of work which the old class of unpaid officers usually performed, but went far beyond the business capacities of the old gentry. The country squire of old times, educated at Eton, accomplished by travel, intelligent and impartial, who lived on an inherited estate, and was well acquainted with county matters, who, supported by the traditionary respect due to his family, held the dominant position in the old system of self-government, would never have been able, had his qualities been ever so distinguished, to satisfy these new demands. True it is that from his class have proceeded, not only in, but also out of, Parliament, legislative and other proposals as well as practical efforts of the noblest kind, intended to grapple with the social abuses connected with manufacturing industry. But for carrying out new measures new organs were required, especially permanent authorities with professional knowledge.

It is true that the growth of manufactures and the spread of trade had created a new middle class. But the manufacturers, merchants, traders, and shipowners, who compose the present industrial community, were still less fitted than the old gentry for acting as the personal organs of self-government in the new order of society, neither their mode of life nor their course of training having qualified them for the task. The pursuit of profit demands all the powers, all the time, and all the thoughts of this class. In the fierce competition of trade none can hope to be successful but those who devote all their energies to their business; divided time and divided attention mean only loss. What leisure they have is taken up with technical and commercial questions connected with their business. It would be doing them an injustice not to acknowledge that this middle-class, at the present day, have become more competent and willing, under the influence of new ideas, to co-operate in matters of common social interest, than was the case during the first part of this century. Even in those earlier days we can admit the practical insight, the great energy, and the business ability of this class, very many of whom had raised themselves from the position of

workmen; and we readily acknowledge that some of them even then had striven in a self-sacrificing spirit, out of love for their fellow-creatures, and from religious feeling, to promote the welfare of their workmen. But it was hopeless to think of making them, as a class, the organs of reform. Taken altogether, their training was far too one-sided; they were far too much engrossed with their own business affairs, and far too removed from impartiality, to be either qualified or inclined to act as organs of the Government in the conflict between capital and labour, in which they must have been the judges in their own cause.

These facts sufficiently explain the gradual development of a new form of self-government, which as a new social structure superseded the old magisterial self-government, exercised by the county magnates.

These new institutions which, appearing in different parts of the organism of self-government, assumed in the course of half a century such large dimensions, and reached a certain climax in 1871, are to be met with since the Reform Bill of 1832. They are patent and easily discernible. The administrative unit is no longer the county and district, but the town, the municipality. The functionaries within this limit, for certain purposes, are no longer unpaid officers appointed by the Crown and responsible directly to the State, but a certain category of ratepaying inhabitants now elect boards which are intended to administer local affairs, but which are soon obliged to appoint paid officers to cope with the burden of business and confine themselves to passing resolutions, issuing directions, and appointing the officers. As against these organizations, however, the central government of the State claimed at once an effective control; these boards being no longer in any sense the immediate organs of State, but the representatives of purely local interests, and their members no longer the depositaries of State power, chosen for their reputation and property, but the champions of interests primarily affecting themselves. Hence State control became a necessity, and side by side with this new form of self-government there has arisen a new form of State-government by means of central departments, which, after the fashion of the Ministries on the Continent, exercise a supervising and guiding authority over the separate

branches of self-government, through the medium of a widespread staff of inspectors.

In this manner, first of all, the way was prepared for the reform of the Poor Laws of 1834, after a Royal Commission, appointed in 1833, had brought to light a mass of valuable materials. In place of the parish, as an administrative unit, was substituted a Poor Law Union, consisting of several parishes compulsorily united, with a common workhouse, and the administration of the Poor Laws was transferred from the justices of the peace and their parish officers to new elective boards of guardians, including the justices of the peace, but as non-elected members. At the same time a central authority under the Crown was constituted, consisting of the Poor-law Commissioners (for England and Wales), who exercised their powers through inspectors.

These Poor-law Boards formed the model for a number of other boards. The insufficiency of the old system of self-government was shown, in particular, in the management of public health. The justices of the peace were wholly inadequate to deal with it, and the unhealthy condition of the large towns and manufacturing districts led, in the first instance, to the appointment of a Royal Commission, the results of whose labours were published in 1844 and 1845. Those labours were turned to account in the Public Health Act of 1848 (11 and 12 Vict., cap. 63), by the constitution of Local Boards of Health, entrusted to deal with sewerage, drainage, scavengering, lighting, building, water-supply, the erection of labourers' dwellings, markets and slaughter-houses, precautions against fire, interment, regulations against offensive and unwholesome trades, and so forth; and by the appointment of a General Board of Health, as a central State authority, invested with regulating powers and rights of supervision, the latter of which were exercised through inspectors, and clothed with the functions of a court of approval. In the same way the management of highways was transferred to District Boards.

After the usual English method of effecting all permanent improvements by means of a preliminary commission of inquiry, followed by an Act of Parliament, this new form of self-government was more and more adjusted to circumstances, until at

length, since 1870, it has been carried to its full legislative and administrative consequences. By the Local Government Board Act of 1871 the central State authorities appointed to control and supervise the new system of self-government were united into a single body, the Local Government Board, which since then has acted as a Crown department for self-government, especially in relation to the Poor Laws, the management of public health, and regulations as to building and highways. Since 1870, finally, the system of education has been similarly reformed, on the basis of general compulsory attendance at school, by the introduction of School Boards, and receives in the Education Department of the Privy Council a central State authority which exercises the functions of a Ministry of Education.

These new branches of self-government are of the greatest importance to the towns and manufacturing districts. There, especially in the last few decades, an active municipal life has been developed, which is endeavouring to remedy the defects and abuses connected with the Poor Laws, public health, and public education. In strange contrast to the old system of self-government, still prevailing in the rural districts, this new form of self-government has developed with surprising rapidity, and been of decisive importance to the elevation of the working classes. The latter owe to it a systematic management of all matters connected with their health, dwellings, and education, and a support given to their institutions, resting on the principle of self-help, which has powerfully promoted the objects which those institutions are endeavouring to attain. In judging of the present condition of workmen in England, this new municipal self-government forms a most important element. It shows us that what we call the social problem cannot be settled by any special laws or single measures, but that it is a question of discovering for a new form of living and settlement a new form of social government and social legislation; in a word, that the social problem is a question of culture, which can never be solved by dealing only with separate points.

It will therefore not be out of place, perhaps, to offer some remarks on those branches of the new system of self-government in England which are strictly connected with the labour question,

and especially with the progress recently made by English workmen. Let us turn first of all to the question of education.

The old national schools in England owe their origin and support to the initiative either of private persons or large societies, such as the Nonconformist British and Foreign School Society, established in 1803,* the Church of England National Society, founded in 1811, and other bodies of that kind. The co-operation of the State, which began its first annual grants in 1834 with a contribution of £20,000 that year for public education, consisted till 1870 of a series of increasing subsidies, the avowed object of which was to promote the education of the children of the working classes, and of a certain degree of supervision over the schools thus subsidized. The Education Acts of 1870, 1873, 1876, and 1880,† by which attendance at school was made a matter of general obligation, dealt with previously existing arrangements as follows.‡ Every child of the statutory age has to attain a prescribed minimum of elementary knowledge. Where existing school arrangements suffice to afford the necessary instruction, no change is made in those arrangements; but where they offer no guarantee for the due execution of the new Act, school districts must be established, each administered by a School Board. This dualism between the old National Schools and the new Board Schools is the characteristic feature of the present system of elementary education in England. These two kinds of schools exist side by side, and although the Board Schools, which were intended to remedy neglect and supply the defects in the previously existing system, are rapidly increasing in number, there is no thought at present of letting all the old schools be absorbed by the new system, but the competition between the two classes

* *Note to the English Edition.*—Its original name was the "Royal Lancastrian Institution," having owed its origin to the exertions of a young Quaker, Joseph Lancaster, on behalf of the children of the poor.

† 33 and 34 Vict., ch. 75; 36 and 37 Vict., ch. 86; 39 and 40 Vict., ch. 79; 43 and 44 Vict., ch. 23 (Attendance at School).

‡ We have consulted the following commentaries on the English law of elementary education: H. J. Gibbs, "Handbook of Elementary Education Law," 1877; Glen, "Elementary Education Acts, with Notes," 1881; Hugh Owen, "Elementary Education Acts," 1870–1880, London, 1884 (a comprehensive work of 698 pages, dealing exhaustively with this entire branch of government).

of schools is regarded rather as a spur to the favourable development of each. The costs of school instruction have been defrayed hitherto by the school fees (which, however, have been already opposed by the Radicals), as well as by rates and additional grants from the State. The latter now exercises supervision over *all* schools alike, which it does by means of twelve principal and 112 ordinary inspectors.

The energy with which the State, as well as the municipalities, and especially the large towns, are striving to carry out this new system of education, is remarkable. During 1870 the average number of children attending school in England, Wales, and Scotland amounted to 1,453,531; in 1886 it had risen to 3,915,315. The State, which in 1870 contributed £840,336, gave a grant amounting in 1886–7 to £3,945,576. The number of State inspected schools in 1870 was 10,949; in 1886 it was 22,114, or more than double.

This system, which has been carried out with a careful regard to the interests of different religious denominations, and consequently with the more ready concurrence of those factors of society which are naturally interested in popular education, will assuredly not fail in its effect upon the working classes. But the value of the new elementary schools consists further in this, that it has not been exaggerated in regard to the prosperity and after life of the working-man. The importance of that education which, as regards the working classes, first begins when they have left school, has never been overlooked in England. Long before the introduction of the new system of primary schools, what is known as "adult education" played a prominent part, and partly compensated for the defects then existing in popular education. This branch also of national education has within the last few decades been improved and extended. With the assistance of the municipalities, mechanics' institutes of various grades, as well as numerous night schools, have been established in all the manufacturing centres. The larger manufacturing establishments, the railway companies, the principal ship-building yards, and so on, all emulate each other in the establishment of institutions of this kind, which, while improving the skill of their own workmen, elevate their standard in every respect. The

various working-men's associations, and especially the co-operative societies, have taken the same direction through their "educational departments." We have seen the crowded halls of these institutions in all parts of England, and have listened to the lectures which are held there every night. Everywhere we have found that the young workmen eagerly embrace the opportunity, now so abundantly afforded them, of increasing their aptitude and knowledge. They willingly prolong for this purpose their hours of work, and devote, in particular, their free Saturday afternoons to striving with the tenacity peculiar to the Anglo-Saxon race to attain a higher grade of culture and usefulness, and thus obtaining higher wages and a higher position in life.

We must mention here another class of institutions, which not only are most deserving of notice on account of the object they have in view, but which testify strikingly to the manner in which voluntary enterprise, local self-government, and the State combine and supplement each other in the solution of social problems. We allude to those institutions which provide for the care of children and young persons who have either been driven already upon the road of crime or are in danger of being so driven. This provident care has certainly a larger field for its exercise in England than on the Continent,—nay, a field alarming in its extent. The accumulation of large numbers of poor persons out of work in the large towns and manufacturing districts has created in some places a class of the population who, owing to the building of new quarters in the towns, are still more closely packed together than before, and who lead lives of wretchedness, starvation, dirt, immorality, drunkenness, and crime, such as have given rise from time to time to sensational revelations of the most astounding character.* Whoever has had a closer insight than others into this lowest and saddest residuum in the large cities, more especially in London, Liverpool, or Glasgow, will have to wait some time before he can find a countervailing element of social life in England to neutralize the painful impression he has

* Among the more recent publications of this sort may be mentioned, "The Bitter Cry of Outcast London." London, 1883; "Outcast Manchester Series," Manchester, 1884; "How the Poor Live," by George R. Sims: London, Chatto & Windus.

formed. Notwithstanding the many improvements wrought even in this respect during the last few years, this melancholy state of things still to a large extent prevails, and it is like a cruel irony of Nature that, even under circumstances such as these, the fecundity of the English race is constantly generating anew this dark residuum of English society. The dissolution of family ties, which is a necessary consequence of this state of things, throws a host of children and young persons literally upon the streets, and it is they who form the object of the noble efforts now being made to rescue this element of the population and insure for them the possibility of an honest existence for the rest of their lives. The institutions engaged in this work are of two kinds; namely, purely private establishments, and such others as are founded and supported by private persons, societies, or self-governing corporations, but are subject at the same time to the supervision and supreme control of the State. The first, particularly the numerous "Homes for Destitute Children," form a branch of English benevolent institutions, which are maintained entirely by private contributions, and which, supported as they are by the personal co-operation of the upper and middle classes and the assistance of large funds, perform, in spite of many defects in their management, a great work of Christian charity. Our present concern, however, is with the second class of these institutions,—namely, the Reformatory and Industrial Schools; the former being places for juvenile offenders, and the latter institutions of compulsory education. Both owe their origin to private and voluntary effort, and have only gradually come under State supervision.

As regards the Reformatories, the first impulse to their establishment proceeded from the Philanthropic Society, which founded an institution of this kind for juvenile offenders, who were lodged there under the Parkhurst Act of 1837–8 (1 and 2 Vict. ch. 82). This institution was removed in 1849 to Redhill, in Surrey, being remodelled partly after the pattern of the Reformatory School founded at Mettray, in 1839, by M. de Metz, and similar ones were afterwards established in all parts of England and Scotland. Here again we meet with the self-denying energy of men and women of the higher classes, all of whom carry on the work with different plans and views, but with equal self-sacrifice and con-

sistency of purpose. It was, first of all, the Rev. Sydney Turner, afterwards for twenty years the Government Inspector of Reformatories and Industrial Schools, who, by organizing the institution at Redhill, prepared the way for further effort. Then came the late Mr. Barwick Lloyd Baker, whose life, devoted to true humanity, has been so charmingly depicted by Holtzendorff in his "Country Squire," and whose Reformatory School, which he established as long ago as 1852 on his property at Hardwicke Court, in Gloucestershire, formed the model for a whole series of similar institutions. Again, there was Miss Carpenter, who laboured, especially in Bristol, with untiring devotion to obtain the establishment of Female Reformatories; and many other instances might be cited.

Along with this went the development of Industrial Schools for vagrant, destitute, and disorderly children, in connection with the movement for Ragged Schools, in which the late Earl of Shaftesbury took such a prominent part. Owing to the spontaneous efforts of private persons, societies, and municipalities, all these institutions so increased in number and importance that after 1854 they began to occupy the attention of the Legislature. In 1866 some final and comprehensive enactments were passed, dealing with both classes of these institutions; namely, the Reformatory School Act (29 and 30 Vict., ch. 118) and the Industrial School Act (29 and 30 Vict., ch. 117), both for England and Scotland, and, subsequently, the corresponding Acts of 1867–8 (31 and 32 Vict., ch. 59, and 31 and 32 Vict., ch. 25) for Ireland. These Acts established the entire system on the following principles.

Both of these classes of compulsory institutions are subject, as regards their legal basis, to some conditions in common: firstly, that they are under the immediate direction of private persons, societies, or self-governing bodies, and defray a large part of their expenses by means of rates and voluntary contributions; secondly, that they must be registered and subject to Government inspection; and, thirdly, that the State provides a substantial grant, and also compels the parents to contribute to the extent of their power. Furthermore, their system of treatment has this common feature, that detention is not in the character of detention in a prison but in a school, in which (no doubt under stricter discipline in the Reformatories) school training

and the teaching of a trade, or of agriculture, go hand-in-hand. All these institutions find, as far as possible, employment and service for their inmates after leaving, or transplant them to the colonies, especially to Canada; they exercise a control and supervision over them for three years after their discharge, and do their best, by means of advice and active help, to settle them in life. Lastly, the object pursued by these institutions is the same, inasmuch as they also aim at the reform of juvenile offenders. The institutions differ only in their conditions of admission, and in the fact that in the Reformatories a criminal element is received, while the Industrial Schools have mainly a preventive mission.

Detention in the Reformatories is a matter resting with the discretion of a justice, and every admission to a reformatory must be preceded by at least ten days' confinement in a State prison. Admission into these Reformatory Schools takes place between the ages of ten and sixteen, but detention can last till the age of twenty-one. Certified Industrial Schools receive children coming within any of the following descriptions: namely, those who (being under fourteen) are found begging or receiving alms (whether actually or under the pretext of selling or offering for sale anything), or being in any street or public place for these purposes; or are found wandering and not having any home or settled place of abode, or proper guardianship, or visible means of subsistence; or are found destitute, either being orphans or having a surviving parent who is undergoing penal servitude or imprisonment; or who frequent the company of reputed thieves; or whose parents or guardians are unable to control them, or whom the Poor-law authorities represent to be refractory; or those who (being under twelve) have been charged with minor offences punishable by imprisonment or a less punishment, but have not been convicted in England of felony or of theft in Scotland (29 and 30 Vict., ch. 118); also the children (being under fourteen) under the care or control of any woman convicted of a crime after a previous conviction (Prevention of Crimes Act, 1871, 34 and 35 Vict., ch. 112); also children (above five years of age) who habitually neglect to attend school (Elementary Education Act, 1876, 39 and 40 Vict., ch. 79); and also children

who live with prostitutes or frequent their company (Industrial Schools Act, 1880, 43 and 44 Vict., ch. 15). In recent years the School Boards also have established similar institutions for compulsory industrial training; a fresh class of such schools having existed since 1876, called "Certified Day Industrial Schools," in which children are kept only for the day; as also the "Truant Schools," which are specially intended to deal with refractory children and those who habitually neglect school.*

In 1882 there were in England and Scotland 61 Reformatories and 150 Industrial Schools, containing altogether, at the close of that year, 24,215 children and young persons of both sexes; viz., 19,528 boys and 4,687 girls, of whom 6,601 were in Reformatories, and 17,614 in Industrial Schools. The Treasury grant in 1882 for Reformatories was £87,241, in addition to which £35,585 was derived from rates, contributions by parents, and voluntary subscriptions and legacies. The grant for Industrial Schools was £170,472, besides which there were other receipts amounting to £150,222. The work done by these institutions can be measured by some very remarkable figures. Whereas in 1856 the number of commitments of juvenile offenders to prisons in England and Wales was nearly 14,000, a steady decline is observable until 1882, when the number sank to 5,700. †

* *Note to the English Edition.*—"The Day Industrial Schools," says the Inspector in his last Report (for 1886), "continue generally to meet a great want in a thoroughly practical manner, and I am certain that an extension of such schools would be of the greatest advantage to the country." Of the Truant Schools he says: "These schools generally seem doing good work, but I do not think the present number, ten, is sufficient to meet the wants of the country. The result is that many truants are sent to ordinary Industrial Schools." He recommends that the permission given by the rules of Truant Schools to use the solitary system of confinement on admission should be withdrawn, as being unnecessary, and, in the case of nervous children, injurious.—*Report*, p. 34.

† See Annual Reports of the Inspector appointed to visit the certified Reformatory and Industrial Schools of Great Britain. These reports are rich in statistical and other information. *Note to English Edition.*—In 1886 the total number of schools under inspection in England and Scotland was 226; viz., 58 Reformatory Schools, 142 Industrial Schools, 10 Truant Schools, and 16 Day Industrial Schools. The total number of juveniles under detention in the Reformatory and Industrial Schools (including Truant Schools) at the close of

In this way these establishments are rescuing more and more numbers of the young generation from the residuum of English society to which we have referred, transplanting by degrees the lost and dangerous elements of the community, and becoming links in the chain of those institutions which further the upward progress of the present class-movement in England.

With regard to health and dwellings, legislation has not been idle since the first Public Health Act of 1848 (11 and 12 Vict., ch. 63), but has been embodied in a systematic form in the similarly entitled Act of 1875 (38 and 39 Vict., ch. 55). This statute, in conjunction with the Public Health (Water) Act of 1878 (41 and 42 Vict., ch. 25), and the Act of 1875 against the Adulteration of Food and Drugs (38 and 39 Vict., ch. 63), forms a groundwork for the administrative action which is delegated to local authorities under the control of the Local Government Board in London. The Public Health Act of 1875 includes provisions with respect to sewerage and drainage, water supply, and the regulation of cellar-dwellings and lodging-houses, and deals with the whole subject of nuisances connected with water-courses, offensive trades, furnaces, chimneys, and so on. It deals further with the sale of unwholesome food, with infectious diseases, hospitals, and mortuaries, the regulation of streets and buildings, the lighting of streets, public pleasure-grounds, markets, and slaughter-houses. The Act vests the management of all these matters in the local urban or rural authorities, who are to appoint special officers for the purpose, and, in particular, a medical officer of health. There are other provisions relating to rating and borrowing powers, the audit of accounts, the alteration of areas and union of districts, and, lastly, the supervision to be exercised by the Local Government Board.

Under the influence of this new sanitary legislation an entire revolution is taking place in the manufacturing towns of England.

the year was 26,940 (viz., 21,971 boys, and 4,969 girls), of whom 6,272 belonged to the former and 30,668 to the latter class of institutions. The Treasury grant in 1886 for Reformatory Schools was £82,400, and for Industrial (including Truant) Schools, £185,539, as compared with £35,022 and £155,260 respectively derived from other sources. In 1886 the number of juvenile commitments to prisons in England and Wales was 4,924.

Every effort is being made by the local sanitary authorities to retrieve the neglect of former years. What has been already done in this respect at Manchester, Leeds, Newcastle-on-Tyne, Bradford, and many other towns in England, shows a progress which has resulted in benefit to at least a large portion of the working classes, and has materially improved their condition of health. This is evidenced by the general statistics of mortality, the diminution of which is a fact, and which, collectively speaking, can only be affected when large masses of the population share in the decrease. Mr. G. Shaw-Lefevre estimated in 1884 that if the same rate of mortality had prevailed in England during the preceding ten years which had prevailed before, half a million more of men would have died,—in other words, that the nation had retained so much more vital energy than in former years. An interesting calculation was made by Dr. Watt, who estimated the total loss of wages sustained annually by the working classes by illness, at no less than £13,000,000.* As we do not know what were Dr. Watt's materials for arriving at this total, we would attach less importance to the actual figure than to the point of view that led to the calculation. It is no doubt quite correct to say that every case of illness or accident curtails directly and at once the income of the weekly wage-earner, by putting a stop to his employment and therewith his pay, and that, therefore, the improvement of the sanitary conditions under which the present English workman lives, means an increase of his capacity of work, and, therefore, of his total income from wages. But this consideration touches only a part of a general state of things, to which we take an opportunity here of adverting.

A brisk controversy, as we have already mentioned, is now going on, as to how far the wage income of workmen is larger than it was ten, twenty, or forty years ago. To decide this question by figures is probably very difficult; but it is quite certain that the improvement of the conditions of labour, brought about by the Factory Laws, the shortening of work hours, the Em-

* This and the foregoing statements were made by Mr. G. Shaw-Lefevre in his Opening Address to the National Association for the Promotion of Social Science.—*Transactions*, 1884, p. 22.

ployers' Liability Act, the Public Health Acts, the abolition of the Truck system and of the payment of wages in public-houses, and the measures against the adulteration of food, and so forth, is equivalent to an indirect raising of wages, which has decidedly raised the condition of the working classes as a whole. Anticipating what we shall hereafter dwell on more fully, we may remark at once that the raising of wages in England has three forms; namely, an increase of the amount of wages, an increase of their purchasing power by the cheapening of food and manufactured goods, and an indirect increase by the measures taken to ameliorate the social position of the worker.

We will touch at present on one more branch of legislation and self-government, — namely, that which deals with the question of working-men's dwellings. It is well known how intolerable in this respect was the state of things prevailing in the large manufacturing towns when Engels and Venedey visited England. Since 1851 the Legislature has interfered, though at first with only slight success, by enacting regulations for building which were intended especially to apply to the dwellings of the working classes. The beginning was made by the Acts of 1851, 1866, 1867, and 1868, until finally, by the Artizans' Dwellings Act, 1875 (38 and 39 Vict., ch. 36), supplemented by the Artizans and Labourers' Dwellings Act, 1879 (42 and 43 Vict., ch. 63), and the Artizans' Dwellings Act, 1882 (45 and 46 Vict., ch. 54), systematic provision was made for the building of dwellings for the working classes. The object of these three Acts, which are referred to collectively as the Artizans and Labourers' Dwellings Improvement Acts, 1875-1882, is to empower and oblige local authorities to demolish and reconstruct on a new scheme houses, streets, and groups of houses which they find to be "unhealthy areas." The local authority has to prepare the improvement scheme, to submit it (after due advertisement and service of notice on all parties affected), in the case of the Commissioners of Sewers or the Metropolitan Board of Works, to a Secretary of State, and in the case of an Urban Sanitary Authority, to the Local Government Board, together with a petition praying that an order may be made confirming the scheme. A Provisional Order is then made by the confirming authority, if they see fit, but is not of any

validity until confirmed by a Provisional Order Confirmation Act, which finally gives the scheme the force of law. It is a condition of confirming a scheme that new and healthy dwellings should be erected for as many families as will be displaced by the proposed improvement. As a rule, however, the local authority does not itself undertake the work of reconstruction, but entrusts it to building societies or private undertakers, subject, nevertheless, to strict requirements as to the size, form, and arrangements of the new dwellings, as houses for the working classes, and, further, as to sanitary arrangements, water supply, and so forth. We shall revert to this branch of the new self-government when dealing with the subject of working-men's building societies; suffice it now to state that, although the transformation of English working-men's towns is not accomplished without temporary disadvantages and hardships, especially to the poor and unemployed population of the large towns, and although a great portion of the work, even as regards the working classes themselves, yet remains undone, still the improvements are everywhere conspicuous, and are universally admitted.

A glance at the development of this new phase of self-government shows what rapid progress has been made in this field also, more especially since 1870. No doubt this development is not "organic." As is well known, Mr. Goschen, one of the best authorities on the subject of self-government in England, has described the confusion between the old and new self-governing bodies, existing side by side, the mutual overlapping of powers and authorities, and the multiplicity of rates, as a chaos, into which order must be brought by an organic reform of local government, and, at the same time, of local taxation. We cannot here go into these questions; our only object at present has been to show how this new system of self-government contains elements of public life which contribute actively to the social elevation of the working classes.

Yet we must attempt here to point out the most important common features of this new system of self-government, not only for the sake of characterising it, but also because the same features recur in those voluntary institutions which form the particular subject of our work.

The most conspicuous feature of the new system is its *centralisation.* We see how, in the place of the old parish have been substituted larger administrative areas, such as the Poor-law Union, the School District, the urban and rural Sanitary Districts, and others; and we perceive also in the large towns (always excepting London, where hitherto special relations exist, which, however, will at any rate lead to centralisation of self-government there) self-governing bodies, which administer to the police and general welfare of hundreds of thousands of inhabitants in a perfectly centralised manner. But just as the social tasks of the present day are pressing everywhere to one form or another of centralisation, to the union of forces and the economy of cost, so they are also leading of necessity to a *division of labour.* Great progress has been made in this direction already. The large number of technical problems awaiting solution, and the need of stability in administrative action, of the permanence possessed by departments or *bureaus*, must tend to bring individual branches of self-government practically into the hands of specially-trained and salaried officials; and the various departments dealing with the Poor Laws, public health and housing, gas and water supply, education, and so on, into which the local authorities are divided, present the greatest possible contrast in respect of the division of labour thus entailed, to the old magisterial system. The third important feature of the new system is the relation which it occupies to the State, or in other words, the Government. We have already pointed out how, although the management of particular branches of administration has been committed to various boards and other local authorities, nevertheless the Government, through the medium of its inspectors and the central departments of State, not only exercises a control, but forms also a court of approval and appeal. On the other hand, the State makes considerable grants to the local authorities, which from 1880 to 1883 (apart from the grant for education) amounted to a yearly sum of about £3,000,000.* Of course this co-operation between the local authorities and the Government departments does not take place without frictions occurring, but it undoubtedly contri-

* "Twelfth Annual Report of the Local Government Board" (1882–3), p. 114.

butes largely to implanting in the local boards, which are always the embodiment of a certain community of local interests, a sense of public duty.

3. *Self-Government of the Working Classes.*

We come now to those voluntary institutions established by English workmen which form the special subject of our work. Here we will notice merely their position in regard to the Government and administration in general.

Notwithstanding that self-government is labouring, as we have seen, to solve a number of administrative questions, especially those connected with the Poor Laws, health and education, it has hitherto taken only partial account of the particular requirements of the working classes. The important tasks of organizing the great mass of the working-classes, enabling them to participate in the progress of culture, increasing their wages, insuring them against sickness, old age, and death, providing them with cheap and wholesome food, and insuring to adults the means of continuing their education after leaving school, and also a certain amount of social life,—all these have been left to the associated bodies of the working-men themselves.

In the development of States existing at the present day no social form has played a greater part than the combination of individuals for the attainment of a common object. In forms of the most different kinds, as guilds, brotherhoods, companies, corporations, and monastic fraternities, as clubs and societies, this idea, whether in a spiritual or a temporal garb, has in public and secret so worked, organized, built up, and destroyed, that none can understand the structure either of the present State or society, or even of present culture, without properly appreciating its importance. This social form has, therefore, been rightly made an object of study, and the admirable works of Eichhorn, Maurer, Wilda, Gierke, Brentano, and others, describe clearly how this idea, which dates from the early middle ages, has permeated and dominated State and society, law and custom, science and art. We must repeat here that this social form has nowhere been more strikingly expressed than in the England of to-day. Our remarks on the English working-men's associations will lead us into the

middle of this richly-developed associative life; but we must recall here one circumstance, without which those associations in England would never have been thus developed. We have hitherto not spoken of the political freedom enjoyed in England. This is the place to designate it, as we do emphatically, as the sole condition under which it has been possible to develop an associative life such as now exists in England. It was the repeal of the combination laws that formed the turning-point, as cannot be too often repeated, for the development of working-men's associations, based on the principle of self-help. Free from all police *surveillance*, free from every restriction of the right of meeting, and at perfect liberty to express opinions orally or in writing, associative life in England has expanded and increased in order, practical arrangement, systematic management, and nobility of aim.

The English public has had the courage and strength to leave the working-men's associations full freedom of movement, at the risk even of temporary excesses and acts of violence, such as at one time stained the annals of trades-unions. It was hoped, and the hope has been realised, that the surest way of purging them of these abuses would be to give publicity to their aims, plans, and organization. Through the exertions of often simple, but consistent, working-men, these associations have been gradually learning to understand and employ the right means, which serve their purpose the best, and, above all, to avoid those faults which formerly misled their energies into excesses, instead of concentrating them on what was practically attainable. In consequence of this, a great change has taken place in public opinion in their favour. If one compares the opinions now expressed as to Trades-unions, Friendly Societies, or Co-operative Societies, in scientific works, in the transactions of learned societies, and in the press, with those which were held forty years ago; still more, if one pictures to one's self the open and secret warfare then maintained by the employers against these institutions, and observes how totally different is their attitude at present, one will recognise the enormous changes which have been effected under a system of absolute freedom. People know that one has no longer to deal with experiments, but with recognised social organizations which,

with all their present need and capacity of development, are already accomplishing a great, positive task, and not only provide for branches of what on the Continent is called public administration, but have succeeded in grappling with, and partly, at least, in solving questions which public government and legislation on the Continent are still puzzled to deal with.

Under these conditions of freedom the working-men's associations have developed two qualities which have been of immense value to them; we mean self-reliance, which abounds in all these associations, and mutual confidence, which prevails in them to a great extent. Self-reliance is at the bottom of the English working-man's conviction that it is necessary to put his own shoulder to the wheel in order to obtain anything permanent. This conviction forms, in our opinion, a distinguishing feature of the entire social development of England. All the measures, actually accomplished by the State in the form of legislation, or undertaken by self-government, to vindicate the claims of society against the impulses of self-seeking, are intended not to supersede the activity of the individual, but to strengthen him in his independent struggle to obtain a social equilibrium, and afford him the necessary protection and support. "Men, not measures," is the common saying in England, where no one believes in a possible inversion of the maxim.

Not less important is the mutual confidence which prevails in the working-men's associations, a confidence that never exists in secret, but only in free and open societies, which have nothing to hide either from their members or the world. Putting aside certain petty jealousies, which are to be found wherever men work together, the conduct and management of these working-men's associations in England, resting as it does on the basis of mutual self-confidence, as also the prevailing unity of effort, are worthy of all admiration. This unity of effort is assisted, no doubt, by a peculiarity of the English people, which offers an interesting phenomenon in national psychology. There is less individuality in England than in any other country. The uniformity—nay, the monotony—of life, of customs, of modes of thought, of views, and of aspirations strikes even the superficial observer of this country; but it is a marked psychological feature of the nation,

and one of the secrets of its strength. If the genius of Frenchmen may be compared to a prism, which breaks up opinions into different rays of light, the genius of Englishmen, on the contrary, may be compared to a lens, which is able to concentrate all the rays into a single point. The many individuals who think and act alike are the strength of England's institutions; on them depend not only her compact system of political parties, but also her trade and commerce, her legislation and government—in short, whatever is attempted either in larger or smaller circles, and demands the co-operation of individuals. One may think what one likes about it, but this much is certain, that the result is to exorcise two of the most dangerous enemies to public life,—namely, disunion and confusion of ideas.

All these circumstances have impressed a peculiar, but also a common, stamp on all the various associations in question. Their management is entirely open, their annual reports are printed and accessible to the public. Their meetings are remarkable for their brevity and the practical relevance of debate; strict parliamentary forms are observed; there is a dominant respect for opposite convictions, which manifests the training of the English people for public life, and enables the Tory to work together in harmony with the Whig and the Radical, the Churchman with the Dissenter. Agreement is sought for on the ground not of purely theoretical discussion, but of practical experiment and practical management.

This character peculiar to English working-men's associations has determined the part they play as free governing bodies in the social organism of England. The English working-man has proclaimed in his associations his intention and wish to convert his materially improved condition into a higher degree of education. Herein lies the crucial point. The mere improvement of the external conditions of life is a useless boon to a class of society—nay, it may easily be turned to their disadvantage,—if it is not the lever to raise the intellect and will of the individual to something better and higher. If this upward progress is once secured, the striving after outward gain and material possessions is fully justified. The useful becomes the ethical. In this manner the working-men's associations become gradually changed from narrow-

minded representations of self-interest into real brotherhoods of duty, which not only protect the interests of their members, but also impose upon them obligations towards themselves and the association, and also towards the community at large. By this means the associations acquire a public character, and we are justified in designating them as the social self-government of the working classes in England.

No doubt it might be objected at once that, as purely voluntary institutions, they cannot be placed on a par with the institutions of self-government, properly so called. But this objection is true only up to a certain point. For although it cannot be denied that there is still a large portion of English working-men who do not belong to Trades-unions and Co-operative Societies, and a portion also who do not belong to Friendly Societies, and that all classes of English working-men do not take an equal part in other associations, on the other hand we must not forget that all these associations have become the governing centre for the various branches of social administration which they manage, and that the influence they exercise on the relations of wages, the system of insurance, the food-supply, and the intellectual training and education of the working-class collectively, extends far beyond the association itself, and benefits also those who are outside it. Moreover, it must be observed that admission to these associations is, practically speaking, by no means as voluntary as their form would lead one to suppose. These associations exercise, from their very importance, a power of attraction which is drawing to them a constantly increasing number of the working classes, and which those still outside of them will find it more and more difficult to resist.

We have already mentioned that the working-men's associations, in their present state of development, show the same decisive features which we have observed in municipal self-government,—namely, centralisation, the division of labour, and subordination to State supervision.

As regards centralisation, it is as marked in the Trades-unions as in the Friendly Societies and Co-operative Societies. Among the Trades-unions of the same trades there is the tendency to "amalgamate" and form associations, with branches ramifying

over the whole of Great Britain. In the next place, the Trades-unions of different trades in the more important manufacturing localities endeavour to keep contact with each other by means of Trades Councils. And lastly, the threads of all the industrial activity of the empire are gathered together in the Parliamentary Committee of the Trades-unions, a council sitting in London, which is elected by the Annual Trades-Union Congress, and is entrusted with the protection of all common interests of Trades-unions. This tendency to centralisation is equally pronounced among the Friendly Societies. In these, the Orders—as they are termed — which consist of associations with numerous lodges, are steadily gaining in importance. The insurance business conducted by the English Friendly Societies, as we shall see further on in this volume, is leading to a demand for larger associations, and therefore to concentration. Finally, the Co-operative Societies have to a large extent combined, and possess at Manchester and Glasgow their common large establishments for importation and mercantile purposes.

The division of labour—that is to say, the formation and development of an official organism—has made great progress in the working-men's associations. It is true that the English working-man feels a repugnance to being governed by officials, but the more perfected, efficient, and powerful his associations become, the larger will be the number of those who will have to be permanently entrusted with the management of current business or of such business as demands special knowledge.

All the associations of which we are speaking are subject also to a State supervision, resting, however, on voluntary submission, not on compulsion, and differing, in this respect, from the State control to which the local boards are liable. All the Acts which regulate the legal position of working-men's associations * are based on the same principle; namely, that they leave the associations concerned at liberty to register themselves, and while making their enjoyment of a number of advantages depend

* That is to say, the Trades-union Acts, 1871 and 1876 (34 and 35 Vict., ch. 31; 39 and 40 Vict., ch. 22); the Friendly Societies Act, 1875 (38 and 39 Vict., ch. 60); the Industrial and Provident Societies Acts of 1874, 1875, and 1877 (37 and 38 Vict., ch. 421; 37 and 38 Vict., ch. 9; 40 and 41 Vict., ch. 36).

on their registration, on the other hand establish as a consequence of such registration, a State supervision, which varies considerably in extent in the different categories of those associations. Consequently, all working-men's associations resolve themselves into two kinds—the registered and the non-registered. The State exercises a direct influence only on the former, though, in spite of the facultative character of this supervision, its indirect influence on the constitution and the progress of the non-registered societies is a growing one. The registrar's office for all these associations is a central one, situated in London. The head of the office is the Chief Registrar, a post at present filled by Mr. J. M. Ludlow, one of those veterans who has devoted a whole life of constant work and noble unselfishness to the welfare of the working classes

We shall have later on to speak more particularly of the Registrar's position, sphere of action, and influence. Here we will merely remark that his office is, so to speak, the head of these associations of the working classes; that by means of its supervising and administrative action it steadily promotes the completion of this organization; and that it concentrates all the threads which connect with State supervision the voluntary self-supporting associations of the English working-men. Just as the Local Government Board concentrates in one department the supervision of the laws relating to the public health, the relief of the poor, and local government, and as the Education Department forms a central office for education, so this Registry Office seems intended to become the central State authority for the English working-men's institutions of self-help, and to raise those institutions into real self-governing bodies. In this respect the registrar's office, with its functions embracing the most important relations of the working classes, is one of the most interesting phenomena of State life at the present day. Its jurisdiction is as yet not extensive, for the office is only now beginning to develop; but its influence would be underrated were it estimated only by its sphere of legal competence. It enjoys outside of this sphere a position of confidence; and its range of action will be enlarged in the future in proportion as the working classes become convinced of its necessity and usefulness.

Thus, among the changed economic and political conditions which have arisen since the first Reform Act, a revolution is being accomplished in the English State, which, especially since 1870, is beginning to assume a more and more altered form. The administrative gaps left by the old system in respect of the claims of a new period have been filled up by the central Government with entirely new branches of administration, managed directly by itself, and further by a new form of self-government as well as by voluntary associations. We are far from seeing in this a decay of the State in England, such as Gneist is inclined to assume; on the contrary, we recognise in these transformations the necessary consequence of those changes which have taken place in the stratification of English society, and in the form and requirements of industry and production; and we admire the moral impulse, the energy, and the constancy displayed by the English nation in reforming their administration. Anything, of course, like a systematic reconstruction of the old system in its entirety is not to be looked for, because, although systematic measures have been enacted since 1832 in regard to single branches of administration, nevertheless the central government, the new form of self-government, and the voluntary associations have never divided their task according to any preconcerted plan, but have separately, each in its own way, following different impulses, sought and found a field of work which forms in its result by no means a systematic organism, but which is, notwithstanding its complicity, a solid frame for public life, in which the spontaneous energies of the people and the activity of the State combine and complete each other in a manner unknown elsewhere.

The survey of these changes which have taken place in the views of English society, as well as in the forms and aims of public life in England, leave no doubt as to their social significance. We see in these factors, and more especially in the organization of the English working-men, a guarantee against sudden revolutionary changes. The State in England, which is kept together not by any official hierarchy or by military power, rests practically on the preponderating strength of those elements of the nation which are interested in a peaceful and constant development of society. These elements have, during the last

few decades, been greatly and, as we believe, decisively strengthened by the formation of the working-men's associations. We have no fear lest the enemies to the existing order of things, who of late have put themselves forward with such noise and agitation, will succeed in disturbing the balance of the English State, especially as the best, most highly educated, and most powerful portion of the English working-men have nothing to do with such proceedings.

We cannot conclude this introduction without asking ourselves, What is the collective working of all these factors, their effect, speaking generally, on the economic position of England, which, as we know, is so closely connected with her social progress?

At the first glance it is clear that all the social changes of which we have been speaking have raised the cost of production. Directly this is caused by the demand of the working classes for higher wages, but indirectly by almost all the enactments and measures introduced for the protection of labour and the improvement of the conditions of labour. The shortening of the hours of work, the free Saturday afternoon, and the strictly-observed Sunday's rest, place important checks on the using up of existing capital, while the statutory regulations as to healthy workrooms and arrangements for safety in factories and mines, materially increase the amount of capital required in starting, as well as the cost of keeping up, the business. In addition to this there is the fact that England has to maintain a competition in foreign markets with rival manufacturers which is constantly becoming more serious, so that not only is she excluded from recouping the increased cost of production out of the consumer, but, on the contrary, has had also to submit to a not inconsiderable decrease in prices. We cannot here undertake to state a balance of the economic process in England, but we should like to point out what place is occupied in that process by the matters of which we have hitherto been speaking, and which in detail will form the subject of the following pages.

At the same time there is much to put in to the scale of advantage to England. In the first place, it must not be overlooked that the pecuniary burdens experienced by production in consequence of social regulations have been imposed, in the course

of several decades, not at one and the same time, but by degrees, so that English industry,—already during a period of almost unlimited dominion, and consequently at a time when profits were still superabundant,—has had time and power gradually to adapt itself to the new conditions imposed by her progressive social legislation, and to assimilate itself to these conditions without difficulty; while, moreover, it must be taken into account that along with these burdens material relief has been afforded by the importation of cheap food and raw products, as well as by the improvement and cheapening of the system of transport. Of the utmost importance, moreover, was the raising of the intensity of labour, not only through the improvements in machinery,—which produces cheaper, if not always better, products,—but also through the increased skill of the workmen. These two elements are closely connected with the social legislation to which we have referred. The English spirit of invention has sought to neutralize, by the perfecting of machinery, the checks imposed by that legislation on the process of production; and the stimulus in this respect which is evident in the factory and mining legislation in particular, is distinctly visible in the history of English industry. Nor has the living factor, the working-man himself, gained any less in power and skill by this legislation, but has developed productive qualities which place him indisputably at the head of the working classes throughout the world.

We have already stated our opinion that England's colonial power and colonial possessions form a reserve fund on which she can safely reckon for support, even if, as is to be expected, her commercial and manufacturing supremacy is curtailed. From the consideration of English social legislation and its results, we may draw this further conclusion, that England has made a second and a still more important step in advance of her rivals; namely, in the order which she has established between her employers and employed. With the combined strength of both she is able to carry on the struggle in foreign markets with foreign competitors, an impossibility for any State that contains in its bosom that Socialism which is hostile to all order at home.

PART II.

FRIENDLY SOCIETIES.

CHAPTER I.

Origin and General Character of Friendly Societies.

Reasons for considering Friendly Societies before Trades-unions.—Divergent aims and character of these two classes of institutions.—Their historical points of contact.—Connection between the Friendly Societies and the Guilds.—Temporary distrust entertained against Friendly Societies.—Their enormous growth during the present century.—Their objects of insurance.—Their course of development.—Reconstruction of their system of insurance.—Legislation a necessity of their growth.—Difficulties and drawbacks in their career.—They have taught the English working-man the necessity of insurance.

Before beginning to consider the English working-man's system of insurance, so far as it is contained in the Friendly Societies, we must endeavour to answer a question which has forced itself perhaps upon many of our readers. It may be thought that the task we have proposed to ourselves in these pages, namely, to describe the English working-men's institutions of social self-help, in their connection not only with each other, but also with the progress made by the English nation altogether in education, morals, legislation, and government, ought in any case to begin with those particular institutions which we may designate as the central point of all these efforts, and which have given the most powerful impulse to the furtherance of the well-being and independence of the working classes. In this respect the Friendly Societies must yield precedence to the Trades-unions. Mr. Ludlow remarks, with perfect justice, in the book which he wrote in collaboration with the late Mr. Lloyd Jones on the progress of the working classes in England, that if the most experienced workmen in England were to decide which of their organizations they considered the most important, four-fifths or more of them would say the Trades-unions, although it is

exactly these which were for the longest time ignored by the Legislature. In point of fact, the efforts made by the Trades-unions comprise the most important, most immediate, and most practical of all questions for the working class,—the question of wages. The improvement, however, in their relations as to wages, had not only become, as we have already seen, the basis of all the institutions established by the working-men in England, but constitutes also very frequently the limit drawn, as against the lowest grades of the working class, with reference to their participation in these institutions.

In resolving, then, after mature consideration to begin with Friendly Societies, some preliminary explanation is needed. The Friendly Societies are not only the first societies that sought to organize a distinct side of the modern social life of the working classes, but after years of experiment and of compromise between independence and the demands of legislation, have now at length entered on a stage, as regards their internal organization and their legal form, which points to a certain definite goal. The consideration of these institutions is, therefore, the best means of enabling one to understand the nature of all the other working-men's associations which have been developed on analogous principles. In particular, the peculiar form given to Friendly Societies by legislation has served as a type for all other institutions, while the office, which originally served only for the registration of Friendly Societies and Savings Banks, has gradually become a central authority for all the working-men's associations which we are proposing to describe.

In addition to this, there is a further reason for considering Friendly Societies first. Speaking of working-men's insurance in general, the subject is in no way exhausted by these societies. Besides the Friendly Societies strictly so-called, there are to be considered, *firstly*, the numerous benefit clubs started by the employers, and connected with factories, railway companies, etc., which usually have quite distinctive features, and are combined with subsidiary objects, stamping them as belonging to a wholly separate group. *Secondly*, since 1829 there has been in existence a system of voluntary State insurance for the working classes, known as the Government Annuity and Insurance system, which,

though not in a position to supply the place of the Friendly Societies, nevertheless is of importance as a supplementing element in the consideration of the question of English working-men's insurance. And, *thirdly*, the Trades-unions also conduct insurance business for their members,—and indeed a very special branch of insurance,—by insuring them against the loss of work. With regard, therefore, to the first two of these subordinate branches of English working-men's insurance, although they form independent groups of insurance societies, they readily fall within the description of Friendly Societies as a whole. With regard to the insurance system of the Trades-unions, the case is very different. The latter has so grown up with the other arrangements of Trades-unions, that it is impossible to separate it from those arrangements, and describe it in connection with Friendly Societies.

On the other hand, the insurance business of the Trades-unions can only be properly considered by first obtaining a clearer insight into the system of English working-men's insurance in general, of which the centre of gravity lies in the Friendly Societies. On this ground, also, precedence belongs to the Friendly Societies.

We should have to proceed very differently if the main object of our inquiry were to consider the early history of English working-men's associations. In this case it would be indispensable to treat of Friendly Societies and Trades-unions simultaneously, since their origin and their growth are governed by the same economic and social conditions, and both classes of institutions are only different sides of the same historical process. Since, however, the main subject of our work is restricted to the present state of English working-men's associations and their legal rights, and since the two classes of institutions, moreover, have long since diverged in aims and character, and constitute self-contained organizations, it is absolutely necessary to consider them apart.

But while renouncing also the idea of describing the historical connection of these institutions as at present existing, with the earlier development of culture in England, we cannot forbear to cast a general glance at this connection. The few remarks

which we shall make on this point may suffice perhaps to show how the two lines on which the development of Friendly Societies and Trades-unions has proceeded, converge all the more as we go back into the past, nay, even touch and meet.

Both institutions have a common historical origin, — the mediæval guilds; both received a new birth at the period of large industries; both owe their existence to the same powerful reaction of the working-classes against the deterioration of their material condition; both are among the most conspicuous examples of English self-help; they work side by side; they mutually supplement each other; they are twin-children of the same spirit.

The fourteenth and fifteenth centuries saw the system of guilds in England in full and powerful operation. Toulmin Smith, Thorold Rogers, Brentano, Ludlow, and many others, have furnished us on this subject not merely with critically digested material, but with interesting observations of their own. In addition to the Frith-guilds, for the preservation of the public peace, there were in England religious guilds of every kind, which afforded their members material support, and may be designated as the forerunners of Friendly Societies. Besides these there were the guilds of traders and artificers for secular objects; and these various brotherhoods formed a certain organization of labour, a certain community of religious and social relations, which gave them at that period an economical, and, at the same time, a strictly ethical stamp, only that it must not be forgotten that the early centralisation of State legislation and the peculiar system of self-government gave from the beginning to the development of these institutions in England a direction different to that which they had taken on the Continent.

The objects now pursued separately by the Friendly Societies, the Trades-unions, and a number of other associations in England, are found united in the guilds. Mr. Ludlow, in treating of the connection between the modern Friendly Societies and the old English guilds, remarks that "the guilds of the fourteenth century, under forms to a great extent religious, could fulfil the purposes on the one hand of a modern friendly society, in providing for sickness, old age, and burial; and, on the other hand,

of a modern trade society, by rules tending to fix the hours of labour, and to regulate competition, combined with other friendly purposes." *

A complete change in these relations took place at the time of the Reformation. The property of all the spiritual fraternities was secularised. The Act of 1545 (37 Hen. VIII., ch. 4) was the first step towards this confiscation of the landed property of the religious guilds, which two years later was completed by the Act of 1547 (1 Edw. VI., ch. 14). This was the death-blow to the guilds, for their landed property formed the mainstay of their existence.

A new legislation now overlaid these decaying forms. As on the Continent, so also in England, the power of the sovereign stepped in, the development of culture in England under the powerful Tudors showing thus once more during its progress an analogy with that on the Continent. The Poor Laws and the Apprentices Act of Elizabeth are the landmarks of this development. Thenceforth the ways divide. While the States on the Continent, by strengthening the power of the sovereign, and perfecting the bureaucratic system, approached constantly nearer that form which we designate by the name of a police State (*Polizeistaat*); England, on the contrary, was gradually building up the classical fabric of her Self-government. After the decisive change effected in the political and religious relations of England by the expulsion of the Stuarts, the strong tendency to self-government, self-help, and freedom of movement, which has ever since remained implanted in the English nation, received that impetus which makes it the motive element of all their political and social institutions. Notwithstanding, therefore, the suppression of the old forms, spontaneous combinations of handicraftsmen and labourers, for the purpose of providing against the accidents of life by means of mutual help, certainly never ceased to exist.

"I cannot believe," says Mr. Ludlow, in his article already quoted, "that during the sixteenth and seventeenth centuries—in which the genius of our people received such an enormous

* *Contemporary Review*, March, 1873, p. 564.

development, in which the spirit of association showed itself so rife and daring in many ways—the old English tradition of providing by private fellowship against the ordinary needs of life, without knocking at the door of either State or parish, can have died out. I think it probable that the designation of guild became old-fashioned and popish-looking; that it might be dropped by some of the existing bodies; that it was less and less often adopted by those newly formed. But I feel convinced that there is no historical gap between the guild of old times and the modern Friendly Society." * Mr. Ludlow is of opinion that the transition of the old guilds into the modern form of Friendly Societies was completed in the first half of the seventeenth century, at the period when Puritanism abolished the old forms, as being connected with the Romish religion, and the self-help of the people was called into action in their struggle against absolute monarchy. He cites the example of a guild in Norfolk, whose lands were confiscated by the Act of Henry VIII., but which nevertheless was still continuing in 1650, in the possession of its property, and was not dissolved until that year. In the same essay he mentions two Friendly Societies established in London in 1666 and 1687, and estimates that as early as the second half of the seventeenth, and throughout the whole of the eighteenth century, a not unimportant number of such Societies was already in existence. In his Annual Report for 1883, Mr. Ludlow mentions altogether seventy-seven English Friendly Societies, the earliest of which dates from 1687, and the latest from 1780. In Scotland, likewise, there are a number of Friendly Societies still remaining which are between a hundred and two hundred years old, among them a Society of Dyers, at Linlithgow, which was founded in 1679.

It appears, therefore, that the Friendly Societies are institutions which retain an unbroken connection with the old guilds, and which increased gradually from the latter part of the seventeenth century, until, at the close of the eighteenth, they had already acquired such importance as to occupy the attention of the Legislature. But although it may be said that they were

* *Contemporary Review*, April, 1873, p. 738.

commonly established in England about that period, the first decided impetus given to Friendly Societies was not until between 1793 and 1819. About this time the Trades-unions first acquired importance. The cause in either case is an economical one.

In treating of Trades-unions, in our second volume, we shall endeavour to show how the modern combinations of workmen—the "new guilds," as Brentano calls the Trades-unions—took their origin in that state of disorganization which was brought about by the introduction of machinery, the supplanting of home industry, the diminution of male labour caused by the employment of women and children, the abolition of the old system of apprenticeship, and the lowering of the standard of wages. We shall see that the working-men resorted to combination and passive resistance to maintain their position in life. But this period of hardship also awakened their self-dependence in this respect, that they began to establish, on a larger or smaller scale, those societies for mutual relief out of which the great institution of Friendly Societies has been gradually developed.

Since the beginning of the present century the Trades-unions and the Friendly Societies have been developing themselves on separate but parallel lines. Regrets have been expressed in England that the course of events should have led to this separation, and that the legislation of the last and the present centuries has itself contributed to drawing such a sharp line of demarcation between Friendly Societies and Trades-unions in having recognised the former at an early period, while ignoring the latter until about eighteen years ago. The explanation of this fact, however, lies in the different nature and objects of these two classes of institutions. The Trades-unions were originally fighting societies, and are so, under given circumstances, to this day. Their action was manifested in a rough and often violent manner; nay, their annals in the present century have not been unstained by bloodshed. With the Friendly Societies it is different. Their objects have always been peaceful ones, which never brought them into conflict with the traditional opinions or interests of other classes, or with the law; their outward conduct has been quiet; all the contests about tables of premiums, the organization of the

system of insurance, questions of administration and the disposition of funds, have no doubt stirred many Friendly Societies to the depths and led to secessions and re-constructions, but all these matters have been merely internal affairs, and showed no aggressive front against inherited ideas and existing interests.

Only in a passing manner have Friendly Societies encountered the distrust of the public. Many of these Societies, particularly the large Orders, shrouded themselves in a certain mystery, endeavouring to add to their attractiveness by aping the forms and usages of Freemasonry. There was frequently also a fear of unjustifiable interference with their funds on the part of the Government, a fear which was probably created by the recollection of earlier confiscations, and which especially induced those Orders to keep their proceedings secret. Moreover, it cannot be denied that the Trades-unions, in order to promote their efforts undisturbed, frequently constituted themselves as Friendly Societies, so as to be more safe from interference under this innocent disguise; and that, on the other hand, even the Friendly Societies often assisted their members when involved in a strike. But the Friendly Societies discarded these phases at a comparatively early period; their organization and aims have been the subject of Parliamentary inquiry, of scientific discussion, and of interest in the press, and their management is at present so open, that there are scarcely any institutions in England into which a stranger finds it easier to obtain an insight.

The growth and spread of Friendly Societies during the course of the present century is simply enormous. Sufficient statistical data for ascertaining the total number of Friendly Societies existing at the present day are not forthcoming, and could scarcely be collected, since there are a multitude of Friendly Societies which are not registered, and as to which no statistical information exists. Any estimate of the latter is therefore only a vague one. The Fourth Report of the Royal Commission, in 1874,* estimated the total of *registered and unregistered* Friendly Societies in England and Wales at 32,000, containing upwards of four million

* "Fourth Report of the Commissioners appointed to Inquire into Friendly and Benefit Building Societies," Part I., pp. xvi., xvii.

members, besides at least as many more persons (making in all eight millions) interested (as wives, children, etc.,) in the benefits promised by such societies. The funds of these societies were reckoned at over £11,000,000, and it was estimated that their existence saved no less than £2,000,000 annually to the ratepayers.

In the course of the period which has elapsed since the above calculation was made, all these figures have very considerably increased, as we shall be able to show in reference to the most important classes of Friendly Societies. Inasmuch as in recent years the efforts to strengthen the financial basis of these societies have been greatly increased, and have met with considerable success, it is probable that a large augmentation of funds has taken place in relation to the number of members.

A statement has recently been published by Mr. E. W. Brabrook, the Assistant-Registrar, from which it appears that the estimate formed by the Commissioners in 1874 must be far exceeded at the present day, since the number of *registered* Friendly Societies alone in England and Wales, which had sent in their annual reports to the Registrar's office in London, amounted in 1880 to no less than 12,867, with thirteen millions of funds and 4,802,249 members. It must be taken into account, moreover, that a good third part more of these societies was in arrear with their reports, so that the numbers just given are subject to a far from inconsiderable addition.* Scotland, Ireland, and the Colonies are not included in these totals.

What, then, do these Friendly Societies at the present day seek in general to accomplish? What, taken altogether, is the course which their development has assumed during the present century?

The answering these questions should give us a nearer conception of the task we are endeavouring to perform.

We cannot describe the general objects of Friendly Societies more succinctly than by terming them insurance societies based on mutual principles. They have principally to deal with the various sections of the working classes, but among their contribu-

* *Journal of the Statistical Society*, March, 1885, in an article entitled, "The Relation of the State to Thrift; Two Years' Statistics of Friendly Societies and Similar Institutions," by E. W. Brabrook.

tors are many members of the middle and even of the upper classes, whose pecuniary aid and co-operation in their management, especially in the smaller societies, forms an element not to be undervalued.

The Friendly Societies insure first of all against disability to work, as to which, as a rule, no distinction is made, whether this disability has been caused by accident or sickness, so that sickness and accident insurance meet in one. Thus insurance against sickness includes to some extent insurance against old age and infirmity, since most of the Friendly Societies identify the notion of "sickness" with that of "disability to work," and accordingly go on paying their allowances, though perhaps on a reduced scale, in cases also of chronic illness and other infirmity. In speaking, therefore, in these pages of sick-insurance generally, we must be understood to include in that term insurance against accident and, in some degree, against infirmity also. It has only recently been attempted to constitute provision against old age as an independent branch of Friendly Society insurance, and to establish separate accident societies for certain trades and occupations, particularly that of miners. Nearly all the Friendly Societies combine with insurance against disablement insurance against burial expenses, or provision for a limited allowance on the death of a member, or of his wife or child. Besides this, they insure annuities to members' widows and education allowances for orphans up to a certain age. Under the name also of "endowments," an insurance can be made for a certain term of payment in favour of a particular person, mostly for settling a son or daughter in life. By the Act of 1875, however, a maximum sum is fixed for insurances in all registered Friendly Societies. No member is entitled to receive more than £200 by way of gross sum, or £50 a year by way of annuity from any one or more of such societies (sect. 27). The life of a child under five years of age cannot be insured for more than £6, nor that of a child under ten for more than £10 (sect. 28).

In addition to this, there are the insurances for the relief or maintenance of members when on travel in search of employment, or when in distressed circumstances, or in case of shipwreck or loss of or damage to boats or nets; also for medical attendance,

medicines and appliances, etc. (usually in connection with the sick fund); and lastly, the insurance of tools and implements of trade against fire.

A special class of Friendly Societies combines with the objects of insurance those of thrift, by undertaking also the functions of Savings Banks.

Not all of the Friendly Societies, however, unite in themselves these manifold objects. The largest ones approximate most nearly to a comprehensive system of this kind. Most of the Friendly Societies undertake sickness and burial insurances, though there are a large number which confine themselves to the latter.

As regards the course of development taken by these societies as a whole, it must not be forgotten how they arose. The Friendly Societies were originally institutions of mutual benevolence. They sprang from small bodies of men who, as neighbours, brought together by the same or like occupations and by social intercourse, shared the joys and also the sorrows of their day, and either of their own impulse or at the instigation of clergymen, landlords, or manufacturers, gave each other a helping hand whenever any one of them was ill, or a death in the family occasioned extra expenses. Their desire was to prevent a fellow-workman and companion, when ill or aged, from going to the workhouse, or, when he died, to save his widow and children from that fate. They were imperfect but healthy expressions of the spirit of thrift and independence. But the difficulties began when these small beginnings had developed into large and permanent institutions. Mistakes then appeared in the calculation of allowances; defects of management and personal weaknesses in the managers came to light; and when by degrees a countless number of these societies had been established throughout the country, and, owing to the spontaneous force of association, the most widely differing bodies strove to realize the same idea of insuring their comrades against sickness, death, or old age,—then these Friendly Societies found themselves at once confronted with problems of statistics and mathematics, of administration and finance, of which they had never dreamt in their primitive days, and the very importance of which, for the solution of their difficulties, they then gradually learned to understand and admit.

And now began inside these societies a reconstruction intended to adjust their action to the laws of probability, to establish a rational system of insurance, and to introduce a properly regulated management of their funds; in other words, the benevolent institutions gradually changed into insurance societies, with tables and rules. The manner, however, in which this reconstruction was effected is characteristic of England. The societies that participated in it took in hand the work of reform of their own motion (with the active co-operation, it is true, of the upper classes, of men scientifically trained and well versed in questions of administration and finance), not in accordance with any preconcerted plan, absolutely without any system, groping, so to speak, tentatively from one experiment to another, imperfectly enough up to the present day, but on the whole with abundant success.

It would be unjust to undervalue the influence exercised on this course of development by legislation and State supervision, only that influence must be rightly understood. It is not legislation that dictated to the Friendly Societies their line of march, but the efforts of those societies for reform led to facts which required legal regulation, situations arose out of which legislation had to extricate them, and it was not until the last few decades that Parliament gave expression to the idea that these social institutions, which had grown by their own strength into great self-governing bodies, required more supervision from the State. Legislation has not created these institutions, but, on the contrary, their growth has necessitated legislation.

It would be just as wrong to shut one's eyes to the bad consequences which this course of things has had in England as to quarrel with them. Spread as they are to an extent which was never guessed or expected, these, as well as kindred institutions, have brought themselves to their present state, by means of the spontaneous energies of the people, supported but not led by the State, through the medium of legislation; though this has been accomplished not in a gentle order of events, not without internal struggles, not without frequent miscarriages entailing widespread misery and misfortune, not without injustice and hardships to individuals, insomuch that at times all the benefits and bless-

ings of these societies threatened to be swallowed up, and there came moments when even strong natures began to doubt of ultimate success. We shall examine all this hereafter more closely and in detail. We must content ourselves here with offering a few general remarks.

In England, as is well known, the question of insurance plays a much larger part among all classes of society than on the Continent. As regards the upper classes, this fact, no doubt, is to some extent connected with the law of primogeniture, which leaves the landed property to the eldest son, whilst for the younger children allowances are secured by the insurance of capital or rents; but nevertheless, pecuniary provision for the future by means of insurance societies is very common also in those circles which have nothing to do with entail,—the practice of saving and providing for the future having long been general among all classes of society. A great number of insurance companies, conducted either on principles of mutuality or on those of profit, and with enormous capitals and often under exemplary management, minister in this respect to the upper and middle classes.

To the Friendly Societies belongs the inestimable merit of having propagated the conviction of the necessity of insurance among the working classes. Contributions to sick and burial societies form at the present day in England standing items even in the scanty budget of the working-man; the interest taken in Friendly Societies by working-men of all descriptions is universal; and the knowledge of the proper principles of insurance has—thanks to a number of admirable popular pamphlets and statements, to the constant discussion of vital questions at meetings and in the press—increased and extended in a most surprising manner.

The English workman regards with pride the Friendly Societies as his own work. With them are connected the labours, the aspirations, and very frequently the disappointments of his father, but also the progress and success of his children, and on this account he clings with tenacity to the free development of these societies, and has hitherto set his face firmly against any proposal and any attempt to exchange this self-created organization for one created by the State.

We cannot refrain from quoting here the words of one of those

men who, in practice and in theory alike, as an active member of a Friendly Society, and also an author, takes an effective part in the movement for reform. Mr. Robert W. Moffrey, Past Provincial Grand Master of the North London District of the Manchester Unity, in a Prize Essay on the importance of making provision for old age, pays the following just tribute of praise to Friendly Societies:—

"Founded by men belonging to the operative class, before the subject of insurance in any shape was understood by even those far above them in the social scale, they have steadfastly kept their object in view, till at the present time these societies have attained such a position numerically,—have accumulated such an enormous aggregate capital,—that they have forced on the nation at large a consideration of the work they are doing. Nor would it be just to them if, in considering their present position, any one were to leave out of sight the manner in which they have risen to it. Let it always be borne in mind that the work attempted at their formation was such as would have taxed the ability of great financiers—that they began their work before the least glimmering of knowledge on vital statistics had been vouchsafed to them—that as it became manifest their position was unsound, they boldly grappled with the difficulties discovered —and that these self-formed and self-governed institutions have given to the world an amount of information that could never have been obtained except by their means. And though they are not yet perfect—what human institution is?—the amount of suffering they have alleviated is simply incalculable. They have provided means of thrift and self-dependence to a class which would not have been reached by any other agency, and have laid deeply the foundations of provident habits among the mass of our population." *

* "Forster Prize Essays on Friendly Societies," Manchester, 1874. Essay on "The Importance of Provisions being made in Conjunction with the Organization of Friendly Societies, for a Deferred Annuity or Superannuation Allowance in Old Age," pp. 19, 20.

CHAPTER II.

Different Kinds of Friendly Societies.

Prefatory remarks.—1. *Dividing Societies:* the Union Provident Sick Society, Birmingham.—2. *Local Village and Country Societies:* the Hitchin Friendly Institution.—3. *Local Town Societies:* the Cannon Street Male Adult Provident Institution, Birmingham; the Christ Church Provident Institution, Birmingham.—4. *Deposit Friendly Societies:* the Abbot's Ann Provident Society.—5. *County Societies:* the Wiltshire Friendly Society.—6. *Burial Societies:* (*a*) Local Burial Societies and Local Sick and Burial Collecting Societies; (*b*) General Collecting and Burial Societies; (*c*) Burial (or Industrial Assurance) Companies.—7. *Ordinary large (or general) Societies:* the Hearts of Oak Benefit Society, London.—8. *Particular Trade Societies:* the Managers' and Overlookers' Friendly Society, Bradford.—9. *Factory Societies and Friendly Societies in connection with large Establishments:* Messrs. J. Crossley & Sons, Limited, Halifax; Messrs. Platt & Brothers, Company, Limited, Oldham; the Atlas Works, Manchester; T. Hoyle & Sons, Limited, Manchester; William Denny & Brothers, Dumbarton; Saltaire.—10. *Railway Company Societies:* the G. W. R. Company; the London and N. W. R. Company; the Midland Railway Company. — 11. *The Working-men's Orders:* the Manchester Unity; the Foresters; the Grand United Order of Oddfellows; the Druids; the Loyal Order of Shepherds (Ashton Unity); the National Independent Order of Oddfellows; the National United Order of Free Gardeners; other Orders of Oddfellows; minor Orders.—12. *Societies of Females and Young Persons:* Juvenile Friendly Societies.

We have already described in our introduction the characteristic tendency of English national life to association. This power of union has covered Great Britain with a network of social institutions, resembling in their wealth and manifold variety organic life, in which from a multitude of germs the elements of strength are gradually developed, in which decay forms the nutriment of fresh growth, and in which the form changes but the force remains.

The Friendly Societies are certainly among the sturdiest mani-

festations of this national strength. We have mentioned their total number, and have said that they seek to accomplish their tasks under the most different forms. This is very natural with institutions which owe their origin to the spontaneous energies of the people.

Much as the large number of Friendly Societies astonishes us, we are no less surprised to see how one and the same object can inspire institutions of the most different kinds. Sprung from immediate practical wants, these societies, determined, as they are, by the local relations, and the standard of wages and education of their members, assume the widest diversity of form. They meet us now as societies devoted simply to collecting contributions from their members and paying them their insurance benefits, now as combinations which, in addition to insurance, seek to wind certain social ties round their members and to pursue the aims of education; now as local clubs, confined to a particular town, or country district, or even village; now, on the contrary, as large affiliated orders extending over the entire British Empire, together with its colonies; now, again, as associations, which pursue strictly limited objects, as, for instance, to provide for the burial expenses of their members; now as organizations which have laboured and are labouring, either by means of the most various systems of insurance, or by uniting insurance with thrift, to elevate the economic position of the working classes. In all these forms and objects is comprised the action of the various Friendly Societies, differing in extent, differing in their manner of business, differing in success, mutually supplementing each other, and partly assisting or competing with one another.

Our immediate task—namely, to show the peculiar process of development which has been going on inside this multiform world of associative life—makes it necessary to endeavour to give a brief sketch of the different forms of English Friendly Societies. It is precisely the manifold character of these societies, and their impulse to independent development, that have determined the way and manner in which the reform inside all these institutions has been effected, the course and present form of legislation, and the measure of success the societies have achieved. Inasmuch, however, as these different forms, in which the Friendly Societies

appear, are not stationary but progressive, here decaying and there extending and broadening, we must consider not only the characteristics of these various societies, but also what kinds have outlived their day, and what are destined to pursue with triumph the object of these institutions as a whole.

If one wished to treat this subject in detail, the description of these Friendly Societies, spread over the whole of Great Britain, would easily fill a volume. We must confine ourselves to giving a general view, as we hope to be able to do by considering the Friendly Societies in groups, supplementing our remarks on the general characteristics of each group by describing some particular society as a type of the group in question.

We begin with those Friendly Societies which are rather limited in object or local importance, and whose organization, therefore, is simpler, passing on afterwards to those whose sphere of action is larger, and concluding with those great Orders which are not only the most prominent representatives of Friendly Societies in England, but stand to-day at a high point of development, and are undoubtedly destined to play a decisive part in the English working-man's insurance in the future. In connection with these independent Friendly Societies we shall speak of the benefit clubs started by employers.*

1. *Dividing Societies.*

These kinds of Friendly Societies are of a purely local nature.

* Our chief source of information in describing the different forms of Friendly Societies is the "Fourth Report of the Commissioners appointed in 1871 to Inquire into Friendly and Benefit Building Societies" (Part I., 1874). As regards the external changes made since then in the English Friendly Societies, we have consulted the Reports presented annually to Parliament by the Chief Registrar, besides a multitude of special publications, rules, and yearly reports of the various Societies themselves. I am indebted in this respect for much information, otherwise unattainable, to my conversations and correspondence with Mr. J. M. Ludlow, the Chief Registrar; Mr. Samuel Shawcross (then at Leeds), the Permanent Secretary of the Foresters; Mr. J. Collins, at Manchester, the Permanent Secretary of the Manchester Unity; and many other secretaries and managers of Friendly Societies.

Much material, industriously compiled, is contained in "Das Englische Arbeiterversicherungswesen, Geschichte seiner Entwicklung und Gesetzgebung," by W. Hasbach, Leipzig, 1883.

Their manner of business is peculiar. They are very widely spread in England. In their primitive form they are usually known as "Sharing-out Clubs," in their organized form as "Dividing Societies."

The Sharing-out Club is the simplest and certainly also the oldest form of a relief society. A fund is accumulated by means of entrance-fees and subscriptions, out of which are defrayed the members' sickness and burial expenses, and the surplus remaining at the end of the year, or a longer period (for instance, seven years in the case of what are called the "seven years' clubs"), is divided among the members as a bonus. In this primitive form many relief societies still continue to arise and disappear in England. If they succeed in consolidating themselves and accumulating annually a proper reserve fund, they pass into the category of Dividing Societies, which, without abandoning the principle of division, are stable institutions. All these kinds of societies have this feature in common,—that they contemplate the periodical payment of a dividend, and thus combine the objects of insurance with those of thrift. The members' subscriptions must, therefore, be regarded only partly as insurance contributions, but as savings deposits as well.

With regard to Sharing-out Clubs, in the first place the advantages offered by these wholly ephemeral societies are of only a relative kind. But certain advantages can undoubtedly not be denied them. In the case of migratory employments, as with navvies employed in making docks or railways, whose residence in any place is only temporary, their action is beneficial, as being at once sick-insurance offices and savings banks. For country labourers also they are not without importance, as the Commissioners admit in their Report. The Rev. Fitzhardinge Portman, in his account given to the Commission of a registered society of this kind at Staple Fitzpaine, near Taunton, which had been under his especial supervision for twenty-five years, declared his belief that it had been of the greatest benefit to that class. "My experience," he said, "as a clergyman of more than thirty-five years' standing, is, that a little 'lump' of money, though it be only twenty-five or thirty shillings, coming in now and then, is a very great boon to our agricultural labourers; and I have no

reason to think, speaking generally, that it is improperly or wastefully spent. It much more often goes towards the purchase of a pig, or of shoes, or of some necessary article of clothing." On the other hand, there are great disadvantages connected with this form of Friendly Societies. When, for example, the older members preponderate in number, the younger ones drop their interest in the society and leave it, having to bear the disproportionate burdens of their seniors. In such cases the Society is broken up, or rather is not renewed, and the older members have to fall back upon the workhouse. It appears also that in most cases of prolonged sickness, entailing heavy expense on the society, an advance is made of a part of the anticipated death benefit, after a certain amount of sick pay has been received, and the member is thereupon excluded. This is called "burying alive." Many of these clubs are got up by speculating publicans, in which case a large share of the funds is consumed in dinners or drink at their meetings. Embezzlement on the part of their treasurers has frequently been ruinous to these clubs. It is plain, therefore, that these Sharing-out Clubs discharge very imperfectly the functions of insurance.

The case is better with the Dividing Societies, which have obtained a permanent organization, and are not only widely spread but popular. Some of these are among the best-managed Friendly Societies in the country, though they never go beyond a limited sphere of action. In the first place, the combination itself of an insurance society with a savings bank has many friends; nay, the former object is regarded in many cases as one of secondary importance, since many members of these Dividing Societies are insured in other Friendly Societies. Furthermore, the Dividing Societies, while combining with sick-insurance and dividends the receipt of savings deposits and the advance of loans to members, which explains, indeed, their popularity, give only a very subordinate place to insurance. Lastly, it cannot be denied, that the very simplicity of their organization is a certain guarantee, a miscalculation of the future being impossible in such societies, since no probabilities come into account, and each year starts with a clean sheet. By this means these societies, so far as they are registered, escape the provisions of the Act of 1875, which compel

all Friendly Societies that deal with calculations of probability to submit annually for audit a statement of accounts, and this exemption from what is frequently found to be an onerous requirement of the State, may very likely be connected with their popularity. These Dividing Societies, which also go by the name of "Birmingham Societies," and "Tontines," are common in the southern and eastern counties of England among the agricultural population, but groups of them are found also in the large towns and, indeed, in the East End of London, at Bethnal Green, and in Birmingham and Newcastle-on-Tyne, as well as in Scotland. It is hardly possible, however, to ascertain positively their number, since most of them are unregistered, and many, as we have said, are of an ephemeral nature.*

* An example of a Dividing Society which enjoys great stability is the *Union Provident Sick Society* in Birmingham. This insurance society was founded in 1802. Its organization, as appears from the rules last revised in 1880, which lie before us, is as follows:—

The objects of this society are for the mutual relief of its members in cases of sickness and such other infirmities, whereby they would be unable to work for their support; to render assistance on the death of a member or his wife; to defray the necessary expenses of the Society, and to make an annual division of the funds, after providing a reserve fund and after all claims existing upon the society have been met.

The society does not admit any one who is under the age of 16 or above 31 years, nor any one whose trade or occupation may be deemed dangerous or unhealthy by the committee.

The committee consists of twelve, exclusive of the president, vice-president, trustees, stewards, and auditors, who are *ex-officio* members. The twelve are chosen by rotation, half of them retiring every quarterly-night, and any member refusing or neglecting to serve in his turn is fined 2*s.* 6*d.* There are regular meetings of the committee, as well as quarterly nights and an annual general meeting, which exercises the ordinary control over the management, alterations of the rules, etc.

The entrance-fees amount to 3*s.* 6*d.* The fortnightly contributions from 16 to 20 years of age, are 6*d.* to the sick fund and 1½*d.* to the management fund, the former of which secures a weekly sick-allowance of 5*s.* for the first 52 weeks and 2*s.* 6*d.* for the remainder of sickness. For members over 20 these contributions and benefits are doubled. The sum payable on the death of a member, if between 16 and 20, is £10 (which is raised by a levy); and if over 20 years of age, £20, and £8 on the death of his wife.

The overplus, if any, remaining from contributions, fines, and other receipts, after payment of all claims on the society, is divided annually on the 27th of December, when every member receives an equal share in proportion to his

2. *Local Village and Country Societies.*

"In the South of England," says Sir George Young in his Report to the Commissioners, "there are not many villages without a club. There is hardly a village or hamlet of twenty houses and a beershop that has not had its club. There are hardly any where one or more clubs have not failed at need, and disappointed their members, even within the memory of persons now living. The number found competing against each other is often remarkable."* These clubs meet, according to old usage, at public-houses, and form societies for the relief of their members by means of sick-pay and burial-money. A large proportion of them are on the sharing-out principle.

These local Village and Country Societies, as they are termed in the Fourth Report of the Commissioners, are among the oldest Friendly Societies in England, and are still pretty common in the agricultural districts and smaller country towns. The Commissioners state that no adequate means exist of calculating the

contributions, but is bound to leave 1*s.* of such surplus in the hands of the treasurer for the reserve fund.

The rules provide that the society shall never be dissolved but in accordance with the Act 38 and 39 Vict., ch. 60. The financial position of the society during 1870–1880 shows great stability, as will be seen from the following figures:—

Year.	Number of Members.	Receipts.	Sick Payments.	Paid for Medical Aid.	For Burial Money.	Cost of Management.	Divided.	Reserve Fund.
		£	£	£	£	£	£	£
1870	3,800	7,302	1,961	410	1,198	325	3,096	8,269
1880	4,923	9,179	3,406	551	1,362	449	3,262	15,310

I am indebted to the Secretary of the society, Mr. H. W. Yarwood, for the information that by far the largest portion of the members belong to the working classes. With regard to the amount of wages earned by members on admission, the society makes no inquiries; it varies from £1 to £3, and averages 30*s.* per week. About 5 per cent. of the members are manufacturers and tradesmen in good circumstances, who had been working-men, however, when first admitted, and have remained on the books. This circumstance is found in very many Friendly Societies, and it secures an admirable element for self-government.

* Fourth Report, p. lx.

number and strength of the separate Country Societies from any samples of local experience, inasmuch as they are often of an ephemeral kind, and are started, fused, "divide," and then come to an end without anything transpiring in public. Speaking generally, it may be said that these Friendly Societies are disappearing before the larger Societies, and especially the affiliated orders, for all of them suffer from the great disadvantage that their most intelligent members turn to the larger societies, where they find, in addition to the pecuniary benefits, a social union calculated to stir and instruct them and bring them together. Thus a class of the population remains behind for these village societies, whose knowledge of insurance calculations and the keeping of accounts is defective, and who have not the strength to make any progress without extraneous aid. This sufficiently explains why wishes are heard expressed by this very class for the interference of the legislature in the affairs of Friendly Societies.

Although it cannot be doubted, therefore, that the majority of these country societies belong to a dying-out type, still their importance is not to be undervalued. It must not be overlooked, that these very incipient attempts at insurance have diffused the interest in, and knowledge of, the objects of insurance among remote circles, and gradually made these circles competent to become members of more perfect organizations, which apparently in no long space of time will have absorbed most of these local institutions. A peculiar position among these country Friendly Societies is occupied by those which are under the patronage and management of the local landlords, clergymen, and gentry. All of them are distinguished by the fact that their meetings are not held at public-houses, that these honorary members of the locality do their best to prevent abuses, above all, the favourite habit of drink, and that their insurance is conducted on a rational basis. Some of these patronised clubs make provision for the housing of the older members.

We must notice here a common feature exhibited in recent years by many of these Friendly Societies which are under the patronage of the upper classes. The management of the Friendly Societies established formerly by clergymen, landlords, etc., lay naturally at first in the hands of their founders; at the present

day their management is transferred in manifold ways to the ordinary working-class members, according not only as the society, after several years' working, has consolidated itself financially, but as the men who have hitherto been its leaders, have laboured to train up the originally inexperienced members to walk by themselves. Unknown by the great public, and devoting the silent but consistent activity of a whole life to the task, many landowners in England, and their wives and the country clergymen, have been labouring for these Friendly Societies, as they have laboured for many other institutions of common utility, have been preaching thrift and providence, have set an example for the practical exercise of these qualities by their conscientious co-operation in the Friendly Societies, and have succeeded in diffusing knowledge and forming character. Out of small and very imperfect beginnings, after many years of labour, after mistakes and experiments, the result has often been to create in this manner safe and stable institutions, the value of which for the working classes would be much undervalued if one were simply to judge them by the actual money value of their benefits paid.*

* To this category belongs a Friendly Society which is remarkable in more than one respect. This is the *Hitchin Friendly Institution*, in Hertfordshire, The Commission of 1874 speaks of it as the most remarkable sample of its class, and indeed of the whole body of Friendly Societies, as respects financial prosperity. This prosperity has been increasing ever since.

The Hitchin Friendly Institution was established in 1827, the organization and capital having been supplied by the clergy and gentry of Hitchin and the neighbourhood. For a long time the management was almost exclusively in the hands of the honorary members, who were mere subscribers and donors, the benefits of the institution being reserved for the ordinary members. In course of years this Friendly Society, which was intended only for Hitchin itself and the immediate neighbourhood, became gradually more consolidated, the number of its members increased, and its management passed from the hands of the honorary members, who were its patrons, into those of the ordinary or benefit members. Nothing is more significant, however, of class-relations in England than the fact that the first use made by the ordinary members of their new power, on acquiring the entire management by an alteration of the rules in 1875, was to invite by unanimous resolution the local clergy and gentry to retain their former posts as president, vice-presidents, treasurer, and trustees, and thus to give them fourteen seats at a board of thirty directors, to whom the management of the society is entrusted.

This society has the usual organization, regular meetings of members, and a

3. *Local Town Societies.*

In the large towns, as in the country and villages, a number of societies have existed from old date, which differ from the village clubs and country societies only in so far that they have been

committee of management consisting of thirty persons, an acting secretary, a treasurer, trustees, and auditors.

Insurance against sickness, old age, and burial is obligatory on the members in the sense that every person making an insurance of any weekly allowance in sickness must at the same time make an insurance of a weekly allowance of half the amount, to commence at a certain age, and also a payment on death.

The members insuring for these combined allowances are divided into no less than ten classes, any one of which a member may select on admission or change at any time with the consent of the directors.

The principle is that sick benefits exclude superannuation benefits, and *vice versâ*, the former being only assured up to a certain age, after which the latter commence, irrespective of whether the member is well or ill. The boundary line between the two benefits is the age of 65 or 70, at the option of the member, according to the class he selects.

The allowances in the first class are 2*s*. a week in sickness, 1*s*. a week as an annuity after 65 or 70, as the case may be, and £2 on death. The combined sick, superannuation, and death allowances, if the limit of 65 years is chosen, are obtained by the payment of premiums ranging, according to the member's age on admission, from 6*d*. to 1*s*. 11¾*d*. per month, the premiums varying quinquennially from the age of 15 to that of 50. If the limit of 70 years is chosen, the corresponding monthly premiums range from 5¼*d*. to 1*s*. 5¼*d*. At the age of 65 or 70, as the case may be, all contributions cease. Any member is at liberty to double or treble these premiums, or to increase them up to tenfold the amount, in return for which he obtains corresponding allowances, according to the ten different classes, subject, however, to the restriction that the sum to be assured in sickness is not to exceed four-fifths of the member's weekly earnings, calculated on an average of the year next preceding his admission.

A member is entitled, during the continuance of the same sickness, to full pay for fifty-two weeks, and to half-pay for the remainder of the sickness. Every sick or infirm member who is able to do some work, but not so as during any one week to earn more than half his usual earnings, is entitled to half-pay. No member, however, shall be entitled to full pay until he shall have been altogether off the funds for forty consecutive weeks.

No person can be admitted as a member who is afflicted with any disorder or constitutional weakness which may tend to shorten his life, or incapacitate him from the performance of his customary occupation. The rules provide also for a transfer of assurances. If a member shall remove to any other place, in which a Friendly Society founded on the same principles as this institution has been established, the directors, at any general meeting assembled, may transfer the member's assurance, on his application, to any such Friendly Society, and pay out of the funds of this institution such sum of money as shall appear to be

established by another class of the population, and frequently bear traces of a narrow-minded spirit. It is precisely this group that shows a wide variety of forms in respect of management; but one will hardly be wrong in distinguishing two tendencies in these

a just equivalent for the claims of such member. In like manner, any member of such other Society may, on becoming an inhabitant of Hitchin or its vicinity, be admitted a member of this institution, on payment of an equivalent, and on subscribing a declaration prescribed by the rules.

The following table will show the financial position of the society:—

Year.	Number of Members.	Receipts.			Expenditure.					Total Funds in hand.
		Monthly Contributions.	Interest on Reserve Fund.	Total Receipts.	Sick Benefits.	Superannuation.	Burial Money.	Costs of Management.	Total Expenditure.	
		£	£	£	£	£	£	£	£	£
1828	35	39	—	43	—	—	—	14	14	42
1838	162	194	52	250	37	—	10	—	47	1,298
1848	280	330	194	538	109	—	20	13	183	4,503
1858	268	286	361	653	155	114	12	12	313	8,134
1868	285	315	571	893	158	111	—	53	324	12,974
1878	343	388	778	1177	274	408	40	73	796	17,511
1883	342	400	847	1263	200	622	24	52	888	19,309

A small increase of members since 1848, as against a rapid accumulation of funds, the interest on which alone almost sufficed in 1883 to cover the expenses of management, cheap management, and a comparatively small demand on sick benefits—such are the features which characterise this society as a conservatively managed, self-contained institution, which, although confined to a small section of society, is a model of its kind.

The tables of premiums for this society have been compiled by Mr. F. G. P. Neison, who has frequently of late years expressed a high opinion of its condition. The clear knowledge obtained of the state of the insurance account in conjunction with the growing funds in hand enabled the directors in 1869 to increase the sick allowances to all the then members, and also to add a sixth part to the annuities of the twenty oldest of the society's members. In 1875 it was further resolved to add a sixth also to the annuities of the sixty members who had been the next longest in the society when they should become entitled to their annuities; an arrangement enabled by the fact that the valuation instituted by Mr. Neison in 1873 gave an estimated surplus of £2,925 of assets as compared with liabilities. Nay, more, when in 1883 a new valuation showed a

town societies. Many of them are decidedly on the way of progress, improve their tables of premiums, institute periodical valuations, apply their funds with care and discretion, and altogether keep pace with the development of other Friendly Societies.* The majority, however, especially the smaller societies of this kind, have been ruined by the narrow spirit of a *coterie*. They date from earlier times, and frequently admit only a limited number of mem-

surplus of £2,988, an addition of another sixth part was voted for another group of members, amounting to fifty in number.

These proceedings sufficiently explain the marked increase of sick benefits in the table above.

With regard to the position in life and earnings of the members of this society, I am informed (June, 1884) by the present secretary, Mr. H. Jeeves, that about a third of them are tradesmen in good circumstances, another third workmen of different kinds, earning on an average 20*s*. a week, and a third shop-apprentices, mechanics, and about seventy women.

* To this class belongs the *Cannon Street Male Adult Provident Institution*, in Birmingham. Established in 1841, its rules, as well as its tables of premiums, have been more than once revised. The society provides for the relief of its members in case of sickness and other infirmities disabling them from work, and for assistance on the death of a member or his wife. No person can be admitted unless he can produce a certificate of health by the society's medical officer; nor any one who is under the age of 16 or above the age of 40; nor any one whose occupation is deemed dangerous or unhealthy, such as water-gilders, grinders, painters, colour-makers, varnish-makers, pearl-workers, nor such railway servants as engine-drivers, stokers, guards, platelayers, or porters, or any other pernicious or dangerous calling; nor police officers, nor bailiffs-followers. The committee of management decides as to admission, and in 1883 rejected no less than 20 out of 541 applicants.

The committee consists of six members, chosen by rotation, as their names stand on the club books, till the number is complete, and of the president, vice-presidents, and officers, who are elected by the general meeting.

The funeral benefits, which amount to £5 for a member who has been in the society six months at the time of his decease, and to £20 if he has been a member twelve months (the sums payable on the death of a member's wife are £2 10*s*. and £8 respectively), are drawn from the joint stock, which is reimbursed by a quarterly levy. The sick benefit is paid in full for the first fifty-two weeks of sickness; after that period the member receives one-half of the allowance during the time he continues unable to work; but after he has been in receipt of this half-pay for six months, the committee are empowered to grant quarter-pay, with permission for him to follow any business or calling for the ensuing six months.

A table of premiums for sick insurance, compiled by Mr. John Finlaison, is in force for the older members, which contains somewhat lower payments than

bers, but have accumulated proportionally large funds, so that their financial position is very favourable, but their action often remains narrow and exclusive. The Report of the Commission mentions one of these town societies, the Friendly Union Benefit Society, in Bermondsey, established in 1809, the number of which was originally limited to 100 members, afterwards to 130, and was, according to the returns of 1872, only 50. In this society a narrow spirit

the following one, prepared by Mr. F. G. P. Neison, which has been in force since 1877.

There are nine classes to choose from, and the sick benefits range from 4*s.* to 20*s.* per week.

The contributions vary with the age at admission, and are according to the years below, viz.:—	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7	Class 8	Class 9
	In these classes the sums assured (paid weekly in case of sickness) are as follow:—								
	4/-	6/-	8/-	10/-	12/-	14/-	16/-	18/-	20/-
	The corresponding premiums, payable fortnightly, are as follow:—								
	s. *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*
16 to 20	0 4½	0 6	—	—	—	—	—	—	—
20 ,, 24	0 5	0 6½	0 8	0 10	0 11½	1 1	1 3	1 4½	1 6
24 ,, 28	0 5½	0 7	0 9	0 11	1 1	1 3	1 5	1 7	1 9
28 ,, 31	0 5½	0 7½	0 10	1 0	1 2	1 4½	1 7	1 9	1 11
31 ,, 34	0 6	0 8½	0 11	1 1½	1 4	1 6½	1 9	1 11½	2 2
34 ,, 37	0 6½	0 9	1 0	1 2½	1 5	1 8	1 11	2 1½	2 4
37 ,, 40	0 7	0 10	1 1	1 4	1 7	1 10	2 1	2 4	2 7

From the balance sheet of this society for 1883 we gather the following: The contributions of members amounted to £12,876, the interest on the reserve fund (£84,540) to £3,256, and the total receipts to £16,133. The sick benefits came to £11,488, the expenses of management were £705, and £1,364 was paid for medical attendance and medicine, the total expenditure being £13,557. The secretary, Mr. C. Cashmore, informs me that the society is almost exclusively composed of working-men of the artizan class, but that there are also servants of various kinds, and a very few members of the middle class. The working-men members earn from 18*s.* to 40*s.* per week, and some of the foremen and superintendents more.

Another of these local town societies is the *Christ Church Provident Institution*, also in Birmingham. It is under the management of the rector of

of corporation prevails. These features suffice to characterise this class of societies, and to show that they have only a relative value. Sir George Young sums up, therefore, correctly his opinions on these town societies by remarking that though their varieties are numerous, their numbers are rapidly diminishing under the stress of the competition of the affiliated orders, and with the exception of a very few, which are established on a sound basis, they are dying out.*

4. *Deposit Friendly Societies.*

A wholly distinct class of Friendly Societies consist of what are called Deposit Friendly Societies, which unite, in a wholly original manner, the functions of a savings bank with those of a provident society.

A clergyman, the late Hon. and Rev. Samuel Best, was the originator of a system intended to train the working classes to habits of thrift and providence by connecting the allowances with the savings, and making the former dependent on the latter. His system was certainly ingenious, but it was too artificial to obtain any wide adoption. The first institution established on his prin-

Christ Church for the time being and of the vicar of St. Barnabas, who are the respective president and vice-president of the society, and of a committee of members chosen at the general meetings, together with a permanent secretary and the necessary officers.

Its sick insurance arrangements are similar to those of the last-mentioned society, except that there is a separate insurance for medical attendance. A member, by paying twopence fortnightly, is entitled in all cases of sickness to the services of a doctor appointed by the society, and also to medicine gratuitously to a certain extent. In 1883 this insurance was made use of by 1,027 persons. The total number of members in that year was 1,108, about half of whom were men and half women.

A savings bank is connected with this society, which pays 2½ per cent. interest on deposits. The secretary of this society, Mr. John Henry Dee, informs me that in this, as in the majority of similar institutions, the chief contingent is composed of factory-hands and workmen in different branches of trade, earning up to 40*s.* a week, but that there are also a number of small shopkeepers, commercial travellers, etc., on the books. Mr. Dee calculates that out of the 350,000 inhabitants of Birmingham, more than 50,000 persons of the working classes are members of the various Friendly Societies, and he speaks of the progress made in thrift and providence as extremely gratifying.

* Fourth Report, p. lx.

ciples was the Abbots Ann Provident Society, which became the model for several others of the same kind.

The leading principle of these societies is, that the amount of relief in case of sickness is based not simply on the insurance, but also on the savings deposited in the bank, the arrangement being that the allowances are derived partly from an insurance fund, and partly from the individual member's credit with the society, but that the claim to such allowances practically ceases as soon as the member's own fund is exhausted. In this characteristic manner the author of the system endeavoured to promote thrift among the members by compelling them to begin by saving a small fund, and never quite exhausting it. At the same time he hoped, and experience has, to some extent, confirmed his expectation, that in societies of this kind the members would abstain from claiming relief except in cases of real necessity, since every allowance meant a proportional diminution of their own fund. These societies possess the further advantage that the classification of risks enables them to admit persons without any limitation, as regards old age or health, and thus to step in and assist where the restrictions imposed by other societies operate as a bar to membership.

This system, projected by Mr. Best, has its enthusiastic supporters, who point to its success as a proof of the advantages it offers. On the other hand, especially among the large affiliated orders, which are established of course on wholly different principles, it has been fiercely attacked, the objection being, chiefly, that the classification of members is nugatory and fallacious, and that it is contrary to the proper objects of Friendly Societies to let the allowances cease when the savings of the individual members are exhausted.*

* We can only sketch in outline the constitution of this Provident Society established by Mr. Best, taking for our authority the rules, printed in Part II. of the Fourth Report of the Commissioners (pp. 284–8) and the Report itself, (pp. lxxxiii.-xci.), which deals exhaustively with this institution. The Abbots Ann Provident Society is a savings-bank, a friendly society, and a medical club all in one. Any one is free to join it simply as a depositor, in which case he has a current account, paying in and withdrawing his money, subject to a month's notice, and receiving interest yearly on his deposits. This feature of the system

The Abbots Ann Provident Society formed the model of some larger societies, among others the Hampshire Friendly Society and the Surrey Deposit Friendly Society, the latter of which grew afterwards into a larger institution, the National Deposit Friendly Society, with country agencies. These societies diverge more or less from Mr. Best's original idea, which other Friendly Societies also took up and endeavoured to realise in various ways. With regard to all the societies of this kind, the Report makes the following very just remarks: "It is perhaps to be regretted," says Mr. Ludlow, "that Deposit Friendly Societies should ever have been registered under the Friendly Societies Acts. They are indeed essentially Savings Banks rather than Friendly Societies. That security of provision, which it is of the essence of the Friendly Society to insure, however it may fall short of really doing so, they do not profess to give. They are primarily individual, not social. Were they certified under the Savings Banks Act, all misapprehension of their true character would cease, and

has nothing in common with Friendly Societies. Every depositor, however, so long as he has savings deposited in the bank, can share the benefits of the society. A general fund is established for this purpose, distinct from the medical, sick, and old age funds, and to which each member contributes proportionally out of his deposits in the savings bank.

The sick-rate is based on a simple average of sickness during the last five years.

The allowances are paid partly from the member's own deposits and partly from the general fund of the society. There are five classes of risks, based on the probabilities of health or sickness according to age, sex, health, and occupation, and into which a member is enrolled after medical examination. These classes are as follows:—

A. Healthy males under 35, having no hereditary complaint in their families, and not following an unhealthy trade.

B. Healthy males under 45, but having an hereditary complaint in their families; and healthy females under 40, having no such hereditary complaint.

C. Healthy females under 50, having an hereditary complaint in their families; and males under 55, of doubtful health, or following an unhealthy trade.

D. Females under 60, of doubtful health.

E. All persons not capable of being included in any of the above classes.

The first class represents, therefore, those persons who may be considered the

they would be recognised as an ingenious attempt, from the savings bank ground, to supply most of the objects which are aimed at by Friendly Societies."

5. *County Societies.*

Hitherto we have dealt with societies which, at least as originally constituted, are purely local. We pass now to a category of Friendly Societies which occupy, to a certain extent, a middle position between the local institutions and those larger organizations, some of which extend their branches throughout the British Isles, and others even to the colonies and America.

The County Societies have, above all, this distinctive feature, that, like the patronised clubs, they do not depend exclusively on the self-help of the labouring classes, but are mainly established and managed under the co-operation of those classes of the community which administer self-government in the counties. These societies are founded either for entire counties, or portions of coun-

least likely to require relief, and this likelihood decreases gradually in the succeeding classes, until it reaches a minimum in the fifth, the members of which are most likely to require relief. In the case of sick allowances a peculiar arrangement is made. Members of the first class pay one-fourth of the sick allowance from their own fund (the remainder coming from the sick fund of the society); members of the second class one-third; members of the third class one-half; members of the fourth class two-thirds; and members of the fifth class five-sixths.

Although the premiums, therefore, are the same for all members, old or young, sick or sound, an equitable adjustment is thus made, since those members who are more unfavourably situated are liable, in case of sickness, to a larger proportionate deduction from their own fund than the others.

But the essential point is that when the member is unable to draw the allotted portion from his own fund all claims for sick allowance cease, and this, according to the projector's intention, was to be the strong incentive to members to increase their deposits, and keep off relief as far as possible, to avoid "pulling their own fund to pieces."

The allowances for old age are subject to analogous rules. Medical attendance is paid for partly by a small annual rate, and partly according to a special scheme.

The Abbots Ann Provident Society is, as stated in the Report of the Commission, a success. In 1873 it had about 791 members, and in Abbots Ann parish itself, out of a population of 700, there were 450 members and depositors. The members were of all classes, from labourers earning 11*s.* a week (nominal). The amount generally insured for was 8*s.*, and sometimes 10*s.* a week.—*Fourth Report of the Commission*, pp. lxxxiii.–xci.

ties, for the political area of the hundred, or the area of the Poor-law Union. The clergy and county nobility and gentry belong to them as honorary members, and pay yearly subscriptions, without, of course, claiming the benefits which the societies promise. Their management lies more or less in the hands of these honorary members. "Some of these societies," says Sir George Young, "have been founded in pursuance of resolutions taken by the magistrates at quarter sessions, as a means of improving the condition of those classes which are in part dependent on the rates, and with the hope of eventually superseding the poor law by their means." They insure against sickness and old age, provide medical aid, and pay allowances for setting up young persons in life. The Report of 1874 gives a list of eleven County Societies proper, *i.e.*, extending over the whole area of a county, but confined to it, with funds amounting to £221,955, and 29,036 members. Counting in the societies confined to parts of counties, the total number of members in 1874 was about 40,000. In addition to these larger Friendly Societies there are a considerable number of smaller ones, whose operation does not extend over the poor-law area, but which must be reckoned in this category, as they are patronised, at all events, by the ruling classes in the county.*

This kind of societies again meet a definite want. The scattered agricultural and other labourers of the southern and midland counties of England, such as Berkshire, Dorset, Essex, Hants, Hereford, Nottingham, Rutland, Shropshire, Wilts, Devon, Gloucester, Oxfordshire, Somerset, Suffolk, Surrey, etc., where this class of societies is most common, would have failed without the initiative of the county nobility and gentry, to find any point of union; they would not have come into constant contact with each other, and they would never have succeeded, owing to their want of combination and want of knowledge, in organizing any system of insurance, especially as they do not enjoy those higher wages which make it easier for the operatives in the towns to put by something for the future. In this respect it is fortunate for these and other country societies that they obtain, through their honorary members, a financial support which enables them to require

* Fourth Report, pp. xlix.–l.

lower payments than must otherwise be the case. Hence the County Societies are accessible to a class of labourers who earn only from 10*s.* to 12*s.* a week, and who would, therefore, be scarcely in a position to join any of the large affiliated orders. No doubt these advantages are not without certain drawbacks. It is complained that the real or benefit members of these Friendly Societies frequently show little interest in them, and that the management, in such cases, lies exclusively in the hands of the honorary members, who, although they conduct them, no doubt, on certain safe principles, nevertheless are not in a position, considering the want of co-operation and self-control by the members themselves, to prevent abuses and imposition. Even the secretaries, or agents, who are frequently appointed for conducting their current business, are not always able to exercise an adequate check on reported cases of sickness, so that a special payment is often actually made them by the committee of management if they succeed in keeping down the sick allowances below a certain limit.

The County Societies are gradually absorbing the village clubs, of which we have spoken earlier; of course the better ones more quickly than the worse.*

* The *Wiltshire Friendly Society* was founded in 1828, and for a long series of years was under the immediate direction of Mr. Sotheron-Estcourt, M.P., who is still its vice-president. We have before us the latest rules of this society, dated 6th May, 1882, and the statement of accounts for 1882. The society is financially very prosperous, but the number of members is diminishing rather than increasing.

The members are divided into benefit members and honorary members. The former only draw the allowances; the latter pay an annual subscription, and take part in the management of the society. This was formerly in the sole hands of the honorary members, but gradually, and particularly since 1840, all the members were placed on the same footing in this respect, although the whole institution remained, as before, under the patronage of the Lord Lieutenant and the leading clergy and landowners of the county.

At the meetings of the society all the members have the same right of voting. A committee of management attends to the business of the society, which has one hundred and two branches scattered over the whole county. The branches, which extend over one or more parishes, are under the management of local committees, consisting of all the honorary members resident in the respective parishes, and of three benefit members.

The three tables of premiums used by the society were compiled by Mr. Alexander Glen Finlaison. The first of these fixes the premiums required to

6. *Burial Societies.*

We turn now to consider a large group of Friendly Societies, differing widely in size, but all of them having this in common, that they are in most part only societies for providing a sum of money in case of death, to defray the expenses of burial, and combine sick insurance as a purely subordinate part of their business.

There are two distinct groups of Burial Societies, each of which has a very different value,—namely, the local and the general

assure a certain sick allowance, payable daily, and also a sum of £3 at death. The premiums vary in amount, according to the age of the member at his first payment. The payments last as long as membership continues. An abstract of these tables gives the following figures:—

To assure a daily sick allowance of			
	1/-	1/6	2/-
Age at first payment.	As well as a sum of £3 at death, the following monthly premiums are payable, viz.: —		
	s. d.	*s. d.*	*s. d.*
15 years.	1 0	1 5½	1 11
20 ,,	1 1	1 7½	2 1½
25 ,,	1 2½	1 9½	2 4
30 ,,	1 4½	2 0	2 8
35 ,,	1 7	2 4	3 0½
40 ,,	1 10½	2 9	3 7
45 ,,	2 3	3 3	4 3½

A second table provides for certain allowances (the highest of which is £20) on the death of a member or a member's wife; and a third table for an allowance, based on contributions beginning with the sixth year of life, and not exceeding £50 as a portion, payable at the age of twenty-one.

A member, before drawing the sick allowances, must have belonged to the society for six months; but he is entitled, immediately on his becoming a member, to gratuitous medical attendance. The society has its own medical officers, who are paid according to a scale agreed on with them. There is an arrangement in this, as in many other Friendly Societies, that no member can draw a sick benefit in excess of his usual wages or income. Members, while in receipt of sick benefit, must continue nevertheless to pay their monthly contributions.

Provision is made for the book-keeping, balance sheets, auditing, and perio-

burial societies. Only some, perhaps the smaller of these societies, are really social institutions; while the larger ones do not strictly belong to Friendly Societies at all, although they are registered as such. The general freedom of association in England, coupled with the great energy and self-activity of the people, has produced, no doubt, astonishing results; but here, together with much light, there are deep shadows. We have to deal in this case with a dark side of the picture.

(*a*) *The Local Burial Societies, and Local Sick and Burial Collecting*

dical valuation of the liabilities of the society. There is a special branch of the society organized on Mr. Best's principles, and embracing an elaborate system of superannuation insurance. A fund is constituted for this purpose out of annual contributions, as well as fines and the subscriptions of honorary members. If this fund is found deficient, a levy is made on all the members to supply the deficiency. The superannuation allowance amounts to half of the sick benefit insured for, and is payable after the age of seventy, when the sick benefit ceases. This branch of insurance, however, being arranged on Mr. Best's system, only half of the superannuation allowance is taken from the fund, and the other half out of the deposits of the insuring member; and the member ceases to be entitled to any superannuation allowance when his deposit account is exhausted. The members of the society can choose which kind of insurance they will adopt.

According to the statement of accounts for 1882, the society had 4,854 ordinary, and 821 honorary, members, besides those who belonged to the branch managed on Mr. Best's system. The receipts of the society for that year were £5,895 1*s*. 6*d*. from premiums and subscriptions of honorary members, £287 5*s*. from interest on the funds (£41,058), and £1,556 19*s*. from allowance on income tax; the expenditure being £5,391 2*s*. 4*d*. paid in benefits, and £599 3*s*. 9*d*. for he costs of management. The funds were invested to a small extent in 3 per cent. consols, but most of them in 4 per cent. debentures of English railways. The society, as the secretary, Mr. David Owen, informed me, was originally intended for the agricultural population. The wages of the agricultural labourer are now, owing to the depression of agriculture, much lower than they were six years ago; he gets only about 10*s*. or 12*s*. a week, in cases where he got formerly 15*s*. or 16*s*. Nevertheless, the agricultural labourers still form the majority in the society, although there are a certain number also of members of other classes.

Mr. Sotheron-Estcourt, in his evidence given on June 30th, 1871, before the Commission (Second Report, qu. 661), spoke as follows of the social importance of this County Society: "By means," he says, "of what we call festivals (that is to say, a jollification promoted in each parish where we have a branch), a vast amount of information is distributed, good fellowship, and good understanding are promoted between different classes; and, altogether, I should say that a vast social improvement has been carried on by means of our society during twenty or thirty years past."

Societies, have for the most part a very primitive origin. Sir George Young states in his Report to the Commission that they have generally grown out of the custom of sending round the hat on the decease of a fellow-workman, who in most cases was a public-house comrade, to collect something for his funeral and family. The first step in the way of organization is to "keep one death in hand," so as to avoid the delay of collecting the money when it is wanted. This, however, will involve some trouble and responsibility in the collector, and a small subscription is accordingly added, sooner or later, to defray expenses. The next step, which takes place when the club gets large, and the calls in consequence become frequent, is to substitute for the "levy" a regular subscription, weekly or otherwise, sufficient to cover the current outgoings and something over, and at the same time to limit the benefit to about the sum to which it has now risen. The benefit thus fixed cannot long be maintained; but in the meantime the "something over" of the contribution will often for a short time accumulate; and it is by no means uncommon to divide a portion of it by way of bonus. In this way the decline of the club is accelerated, until the rapid diminution of stock forces upon the members the conviction that the majority of them will inevitably survive it; and then the younger and middle-aged majority will force upon the older minority the division of what remains. "The Burial Club," adds Sir G. Young, "which survives a generation is an exception." It is characteristic, however, of the way in which things develop in England, that even flourishing and well-regulated Friendly Societies have grown out of these rude beginnings. In the north of England, in particular, there are Burial Societies founded by the energetic working population of that part of the country, which are well managed and firmly established, and which, as benefit institutions, entirely fulfil their purposes. Groups of such societies exist in Manchester, Preston, and Macclesfield. In Manchester and its connected townships, Mr. Stanley's Report to the Commissioners gave a list in 1874 of nineteen local Burial Societies, founded between 1818 and 1863, with 110,734 members and £41,491 funds. The total cost of management differed widely in these societies, varying from 10½ to 30 per cent. of the income from contributions. The Preston group consisted of nine

societies, with 92,269 members and £19,313 funds; and in Macclesfield there were ten societies, giving, out of a population for the town and neighbourhood of less than 40,000, a total of 27,731 members and £4,186 funds. The total strength of the registered Local Burial Societies for England and Wales, according to the data furnished by the registrar's reports for 1871-2, was estimated by the Commissioners at 718,249, or, making deductions for double insurance and double membership, in round numbers 550,000, of whom between 330,000 and 430,000 are reckoned as adults, and the remainder as children.

With regard to these Burial Societies as a whole, it is impossible to form any general judgment, for they display both the good and bad features of English combination. The special evils alleged against them are, that in connection with the limited nature of their object, the social element does not operate in a wholesome manner, but that the officials increase the cost of management by swelling the salaries, drinking habits, and dealings with undertakers. Otherwise, the evils which exist in these societies are not only common to them with the general burial societies, but exist only in proportion as the local burial society assimilates itself in type to the general.*

(*b*) *The General Collecting and Burial Societies* differ from the preceding sub-division in that they do not confine their operation to single localities, but canvass in all directions, through the medium of an army of agents or collectors, wherever there is a chance of enlisting new members. These societies also are established on the mutual principle, but no good accrues thereby to the members, and the result is frequently just as scandalous a fleecing of the public as in the case of the most precarious insurance societies based on the principle of profit. As a rule they insure only a certain sum, in the event of death, to cover the burial expenses; in exceptional cases, however, they insure also against sickness, though this is mostly as a mere advertisement. The management of these societies is in the hands of a committee, chosen by a nominal general meeting, and the committee appoint permanent officers as they think fit. By means of a host of col-

* Fourth Report, pp. xcii. cii.

lectors, or to give them their proper name, "touts," as also by their "district managers" or "superintendents," these societies are represented everywhere wherever their business makes it desirable they should be. By these organs subscriptions are collected, new members enrolled, and according to circumstances, old members, especially if they are inconvenient, are got rid of. There is no question of anything like a social organization in these societies; nay, they do not even deserve the name of societies at all, since their members have neither any interest in, nor any knowledge of, their objects. The Report of the Commission cites the case of a society of this kind, in which the average attendance at general meetings was only 700 or 800, out of a membership of 140,000, and states other cases where even a small number of members present at a meeting had to be gathered together by the collectors, as it were by beat of drum, to vote for resolutions of the meaning and importance of which they had not a notion.

This army of collectors is the pivot of the whole system of these institutions; they have practically the institutions in their hands, and their spirit—or rather their naked interest—governs the management, and leads, as we shall see, to unheard-of abuses.

The business done by these societies is very extensive, and the number of their members is surpassed only by that of the affiliated orders. The Report of the Commission estimates the total number of policies of these General Burial Societies in the United Kingdom at more than 1,450,000, and the capital of the more important bodies of the class at £461,605. For England and Wales alone there are about 1,000,000 policies, which are in the hands, making allowance for double insurance, of about 800,000 members, of whom a third are children. Some of these societies grant upwards of 100,000 policies, and one of them as many as half a million. They have divided the country into districts, and these again into "collections," though the members residing in these divisions take no part whatever in the management. This kind of Friendly Societies is pointedly termed in England Trading Friendly Societies, and the Report of the Commission has exposed their doings with the most unsparing publicity.

That such institutions can exist so numerously in a country where everything in life is based on self-help, watchfulness, and the protection of private interests, shows that there must still exist large classes of the population which are morally and intellectually unable to stand on their own feet, but fall victims to extortion. In fact, the extensive "business" done by these general burial societies can only be explained by the fact that they recruit their members from the lowest classes of the population in the large seaport and manufacturing towns, and to a large extent from among the Irish; and it is an equally laborious and perilous part of the duties of a collector to have to levy contributions and enlist new members in the most squalid, unhealthy, and dangerous parts of Liverpool, the headquarters of these institutions. The *clientèle* of these societies is a very fluctuating one, for the poor and ignorant population which allow themselves to be enrolled live on low and uncertain wages, but in many of these societies these very fluctuations form part of their calculations, and are furthered by a practice which is termed "dropping" members. It consists in this, that whenever a collector wishes to "drop" a member, he abstains from calling for his subscription; and as every means is taken to make direct payment to the society as difficult as possible, the members thus get into arrear, are struck off the books, and lose—that is the object of these lapses—all their previous payments, as well as all claims to the society's benefits. Nay, these societies sometimes go still farther, and carry on the lapsing process wholesale, by withdrawing their collectors and agents without notice from districts where it suits their purposes to do so, and thereby causing all the members in that district to be struck off. The interests of the agents and the societies are on this point identical. The former are frequently remunerated by the entrance fees or the first subscriptions of members, and thus it is much more profitable to them to enlist new members than to retain old ones. The Report of the Commission states that these general burial societies in many cases absolutely maintain themselves by their lapses. "I always calculate," said the secretary to the Royal London Friendly, "that at least two-thirds of the people who become insured in our office, and in similar institutions, allow their policies to lapse, and con-

sequently deprive themselves of benefit"; and he added, "I believe that it is possible for a life office, not doing any sick or endowment business, to carry on its business without any accumulated fund, considering the lapses." The cost of management in these societies is enormously high; the Report of the Commission cites instances in which it has ranged from 40 to 55 per cent., and one case where it was as high as 74 per cent. One witness, a disinterested one, being an accountant, suggested 40 to 45 per cent. as the amount to which the management fund should be limited by Act of Parliament; and another stated that it was impossible to form any correct estimate from a burial society's balance-sheet of the true amount of the management expenses. There is good reason, therefore, for saying, as is said in England, that a member of these societies may think himself lucky if he gets back one halfpenny out of every penny he contributes. The commission paid to the agents and collectors amounts often to 25 per cent. of their receipts, to say nothing of the salaried officers of the society.

Bearing these facts in mind, it is a pertinent question to ask, how it comes to pass that these societies attract so many members? and how magistrates and legislators in England can tolerate such practices? The answer to the first of these questions is, that the speculation carried on by these institutions is psychologically sound, since even the poorest man, especially in England, where a pauper's funeral is a reproach, tries hard to obtain a respectable burial, however listless or powerless he may be as regards the other incidental risks of his existence. Again, it must not be forgotten that these societies, objectionable as are the means they employ, deal fairly for the most part on one point, namely, in their payment of the sums insured for. The punctual payment of the burial money immediately after death is a patent fact to all; it is a fact admitted in the Report of the Commission, and universally known; while the reverse side of their proceedings, the injustice and hardships suffered by individual members, the "lapses" and other abuses, affect a class of the population which is not in a position to agitate effectively against them, which is inaccessible to the warnings of the press, and which is too weak to enforce their rights in a court of law. The way to the judge—in these cases practically always an arbitrator—is not indeed for-

mally barred, and in a few cases in which the matter actually comes to arbitration, the decision is nearly always in favour of the plaintiff, and against the society, even though the latter may have the strict letter of the rules on its side. But this remedy means expense, and the classes in question are too uneducated, too apathetic, and too helpless to resort to it, or to be able to appeal to public opinion. It is left, therefore, for official inquiry to drag the facts to light, in order to put public opinion into motion, and enable the legislature to take action.

The Friendly Societies Act of 1875 has dealt with this point. Section 30, which applies specially to societies receiving contributions by means of collectors, provides that a copy of the rules, together with a printed policy, duly authorised, shall be delivered to every member on his becoming a member, or insuring; that no forfeiture shall be incurred for default in paying any contribution, until after a written or printed notice has been delivered to the member, and a reasonable time, not being less than fourteen days, has been allowed him to pay his arrears; that no collector shall be a member of the committee of management, or take part in the proceedings of any meeting; that at least one general meeting of the society shall be held in every year, notice of which shall be given to the members by advertisement in the local newspapers; that a copy of every balance-sheet shall be kept open for inspection for a week before, and presented at, each general meeting, and that the annual returns shall be certified by an accountant, not being an officer of the society.

These provisions of the law, however, have not prevented the ignominious collapse, in recent years, of a burial society, which in 1880 had 181,000, and in 1883 still 154,000 members. The Chief Registrar describes, in his annual report for 1884, how all the efforts made by his office to enable this society to put its management into order were in vain, and how the society, by its misapplication of funds, and by the unscrupulous conduct of its managers, deceived the confidence of many thousands of poor people.*

* We must notice here a question which has constantly cropped up in England, and attracted attention from the melancholy picture it reveals. This is the mortality of the numerous children insured in these burial societies. The

(c) We mention in this place a kind of societies which, although they are registered not as Friendly Societies but as Trade Societies, and therefore do not strictly fall within our purview, nevertheless demand notice, since they carry on a keen competition with many Friendly Societies, particularly with the large burial societies, and thereby increase the evils occasioned by the latter. *These Burial (or Industrial Assurance) Companies*, as they are called in the Report of the Commission, are conducted with a view to profit; their members are widely scattered, and their business varies in point of success and extensiveness. The type, and perhaps the largest of these societies, is the Prudential Company, which began its industrial insurance business in 1854, and was the first company to take infant lives. "Its rise of late years," says the Report of the Commission in 1874, "has been so rapid, that whilst on the 31st December, 1867, it had 358,043

Select Committee of the House of Commons on the Bill of 1854, stated that they had devoted particular attention to the question whether the insuring of burial money offered temptations to child murder, but had come to the conclusion that the fears expressed on that subject were groundless. The inquiries, however, made by the Royal Commission of 1874, which went deeper into the matter, reawakened doubts whether those fears, after all, were as groundless as they were supposed to be. The Commissioners took on this point the evidence, in particular, of coroners, to whom they addressed a series of questions. 118 coroners replied that they had no reason to suppose that the insurance of burial money had the influence which was apprehended, 75 were unable or unwilling to give any opinion, and 45 answered the question decidedly in the affirmative. "I have not the slightest doubt in the world," says the Coroner for Liverpool, Mr. Clarke Aspinall, in his evidence before the Commission, "that an immense amount of parental neglect of a most scandalous character goes on from day to day in the town of Liverpool, and I am really disposed to think that the neglect is greater than it would be, on account of the prospect, at the end of the child's term of lingering, of the club money, as a sort of consolation to unnatural parents. . . . It is to me a source of intense pain to have my attention drawn to a skeleton rather than to a body, and then to find that the investigation results in the death being from natural causes, or from natural causes accelerated either by improper food or by neglect, put in such a way that it is without any fault to anybody, but so putting it that it is simply hopeless to bring negligent parents to justice at all, when you have the moral conviction that they have been scandalously negligent. . . . The criminal law seems to me to be defective in dealing with such cases. I judge that to be so from the fact that, if you send a case of that kind, of wasting from gross neglect, to the assizes, it almost invariably ends in an acquittal being got, or the prose-

members, it had no less than 1,013,041 by 29th November, 1872, showing that it nearly trebled its numbers in five years. Its insurers are of rather a superior class; and there are certain 'proscribed streets' in some of the large towns from which no lives are taken." As is only natural, such institutions of comparatively general utility are matched by others entirely bad. Among the latter was the notorious Friend-in-Need Society, which upwards of twenty years ago created such excitement and brought about such misfortune by its failure. As compared with the burial societies, these insurance societies are distinguished by their excellent book-keeping and accurate records of their members, by the efficient supervision of their collectors, who receive fixed salaries, by the steps they take to check what may be called artificial lapse—*i.e.*, that which is not owing solely to the member's own default—by their sound system of insurance, and by a

cution not being proceeded with" (Fourth Report, p. cxxxv.). Statistics also tell a tale in this matter which does not exclude the suspicion that the evil existed, at any rate in some localities. Children are frequently entered in general burial societies as soon as they are born, and by the rules of most, if not all, of such societies, they can only come into full benefit at the expiration of 52 weeks. The Report of the Commission contains a comparative statement of infant mortality at various ages in eleven large manufacturing and seaport towns, which show an unintelligibly high rate in Liverpool and some other large centres of population for the *second* year of life. Proof is given, moreover, of the existence of a serious abuse, the insuring of children in several burial societies, thereby multiplying the benefits accruing in case of death.

It would be a great error to suppose that the seat of this evil is among the real and permanent working class. Such a charge would be wholly unjustified, and has already been frequently repudiated. The evil lies, on the contrary, so far as it exists, with that unhappy class which the observer of social life in England meets with again and again, and whose means of livelihood oscillate between precarious wages and crime.

So far as a high infant mortality is observable in the working class proper, the fact is due to another reason. In the manufacturing districts, where the mothers return to their work at the factory as soon as possible after their confinement, their children are very frequently deprived of the necessary care and nurture. This subject was discussed, among others, at a recent Congress of Trades-unions,* when it was proposed that the municipal authorities should establish *crêches* for this purpose, an institution which as yet is comparatively rare in England.

* Report of the Fifteenth Annual Trades-union Congress, p. 37.

valuation every five years of their assets and liabilities. Of course they do not fulfil any functions of self-government, being purely business institutions; but we have been unwilling not to notice them, because they are opposed and sought to be crushed by the better Friendly Societies, especially the large affiliated orders, in the same way and on the same grounds as the burial societies registered under the Friendly Societies Act of 1875.*

7. *Ordinary Large (or General) Societies.*

There are a number of Friendly Societies—estimated in the Report of the Commissioners in 1874 at 100—which have the form of large centralised offices for life insurance. They are usually designated as "ordinary large (or general) societies." The most important of them are in London. Their organization as well as their system of insurance are simple, but both suffer from serious defects. Their entire management is vested in a central office, which deals with all claims relating to sickness, old age, or burial. These societies have frequently some thousands of members, who pay their premiums to agents, and receive sick pay and other benefits in the same manner. Some of the largest and most centralised societies of this kind employ, however, no agents, but all payments are made and sums received by Post-office order. Members residing at a distance from the society can obviously have little or no voice in its affairs, which are practically in the hands of a committee, on whose sagacity and honesty the welfare of the whole society depends. The control exercised by the annual general meeting is purely nominal. Nevertheless, there are societies of this kind which have been existing for fifty years and upwards, and deservedly enjoy good credit. For what are known as the labouring classes, these societies are not of any great importance; their members are mostly artisans in receipt of high wages, clerks, tradesmen, domestic servants, and others, who look for an investment of their savings "on purely business principles." The premiums and con-

* Fourth Report, p. cxxviii., *sqq.*

tributions are also usually higher than in the Friendly Societies of the wage-earning labourers.

Nearly all of these general benefit societies are registered as Friendly Societies, but in point of character they form already the transition to the numerous insurance companies for the middle class. Their whole business assimilates to that of these companies, which they resemble also in this, that their relations with their members are of a purely business kind, and there is no social bond of union.*

8. *Particular Trade Societies.*

Nearly all the Friendly Societies of which we have spoken admit of being characterised in a certain manner according to the general employment of their respective members, many of them having been established only by the agricultural population, others

* Perhaps the largest, and certainly the best managed society of this kind, is the *Hearts of Oak Benefit Society*, in London. It admits male persons between the ages of 18 and 30, who are of good health, and whose wages are not less than 24*s.* a week. A large number of specified occupations are excluded; namely, drug or colour grinders, water gilders, workers in white or red lead or quicksilver, gunpowder, firework, or lucifer-match makers, type-founders, stereotypers, electrotypers, workers in the manufacture of chemicals, miners, puddlers, sugar-bakers, cigar-makers, brass-founders, gamekeepers, police constables, soldiers, sailors, coast-guardsmen, members of fire-brigades, brewers' draymen, grinders in dry cutlery, bakers, confectioners, millers, cement-makers, plaster-of-Paris makers, *or any other occupation which the committee may conceive dangerous or injurious to health.* This society has no graduated scale of premiums, but levies a monthly sum of 2*s.* 4*d.* for sick insurance from all its members. In return for this payment the member receives a weekly sick allowance: if he has belonged to the society for less than three months, of 6*s.*; if for six months, 9*s.*; if for nine months, 12*s.*; and if for a year, of 18*s.* These allowances are paid in full for twenty-six weeks, and for the next twenty-six weeks in half. If the sickness, or the consequences of the accident, last beyond the year, the member is placed on the "superannuated list"; that is to say, on the list of invalids. Provision is then made for him, again according to the length of his membership: if the latter is less than six years, he receives a weekly allowance of 2*s.*; if more than six and less than eight years, of 3*s.*; and if more than eight years, of 4*s.* A "pensioner" continues to reap the benefit of this allowance, even though he may be able to earn something for himself,

mainly by the population in towns or by factory operatives, and others again by the lower middle-class. But very few Friendly Societies are exclusively confined to the members of a special trade or occupation, which, on the contrary, is always the case with Trades-unions. The ruling tendency in Friendly Societies, however, is so strongly opposed to their operation being confined exclusively to a particular trade or occupation, that even those which have adopted such a character of exclusiveness when first founded usually drop it in course of time.*

provided such earnings do not exceed 12*s.* per week. For the other insurance purposes, such as, in particular, the burial allowances, rates are levied, calculated quarterly according to the state of finances.

The institution is managed in London. With the view, however, of giving its numerous members, scattered over the kingdom, an opportunity of taking part in the meetings, all the members are divided into sections of 1000 each, which elect delegates.

This society has of late years been considerably enlarged, as will be seen from the following table compiled from its annual reports :—

Year.	Number of Members.	Annual Income.	Funds.
1865	10,571	£20,758	£40,466
1870	21,484	£40,751	£67,321
1875	64,421	£117,051	£179,995
1880	—	£206,357	£437,772
1881	—	£212,975	£494,873
1882	98,873	£219,875	£559,327
1883	102,263	£229,843	£627,612

The "History of the Hearts of Oak Benefit Society," by W. G. Bunn, London, 1879, contains a brief account of the development of this society.

* Mr. Finlaison stated in his evidence before the Commission in 1874, that the Friendly Societies, as a rule, are composed of working-men of all classes of employment. Occasionally it happened that workmen belonging to a peculiarly dangerous employment in a town joined a Friendly Society, but the contrary was the rule. "A society," he says, "even though originally founded for the members of a particular trade, admits persons from other trades when it becomes prosperous, and in course of time enlarges itself."

The composition, however, of Friendly Societies is naturally always influenced by the local industries or trades. Where the greatest diversity of trades is represented (as in fact happens in all the large manufacturing towns in England) most of the Friendly Societies reproduce on a small scale this diversity. Where only one or other branch of industry is represented, the Friendly So-

Nevertheless there exists in England a large Friendly Society, that of the coal miners, which is made up of several large local societies, and during the last ten years has acquired considerable importance. It is also of peculiar interest, since its main object is insurance against accidents. This union consists of the Friendly Societies of the miners in the coal districts of Northumberland and Durham, North and South Staffordshire, Lancashire, Cheshire, Yorkshire, North and South Wales, and the Midland Counties. These different societies, and the whole union, form in many respects such a remarkable group of Friendly Societies that we shall devote to them particular attention.

9. *Factory Societies, and Friendly Societies in connection with large Establishments.*

There are a very large number of Friendly Societies in England connected with manufacturing establishments, large undertakings, railway companies, and such like. They are chiefly local institutions, but differ very widely in constitution, in the range of their objects of insurance, and in the mode of management. For

cieties are for that reason pre-eminently trade societies, though they always exhibit an additional element, consisting either of agricultural labourers, members of the lower middle-class, or clerks.

We may mention here a society founded in Bradford about fifty years ago, the *Managers and Overlookers' Friendly Society* which was established exclusively for the managers and overlookers of the woollen, worsted, and silk factories of Yorkshire. This society provides support in illness, burial money, and allowances of from £20 to £50 in the case of members invalided by accident. It has a number of branches, which are united into districts. This society possesses many features of the large orders. The business is transacted at periodical meetings, which serve also as opportunities of social gathering. Strict order is maintained at these meetings. The following penalties, however, taken from the rules of one of the branch societies, give an idea of the tone and manners of an earlier time.

Every functionary who comes to a meeting drunk, or who takes drink while business is proceeding, pays a fine of 2*s*., and every ordinary member, in the same case, sixpence. Improper interference with the business, or improper expressions, are punishable in the case of ordinary members by a fine of 1*s*., and in that of a functionary by a fine of 2*s*. Any member who raises a discussion on politics or religion, or who refuses to be silent after being thrice warned by the chairman, pays 6*d*. Any member who boastfully extols his own good qualities or those of another member, pays 1*s*.

the most part unregistered, and often not formally qualified for registration, their number is beyond the power of calculation. They form a group of societies differing essentially from the independent associations of working-men for insurance purposes, which are designated as Friendly Societies; but we must notice them here, since they supplement the Friendly Societies in no unimportant manner, and, indeed, as regards certain classes of working-men, supersede them.

Many of these societies date back to the beginning of the business with which they are connected; and, indeed, there is scarcely a single large establishment in England which does not make some provision or other for its employés, whether against accident alone, or for accident, sickness, and burial. The importance of the factory societies in England is still very great, for they are the only means of assistance, in case of need, to a considerable number of operatives. Many of them are admirably conducted, and work in the most humane manner. Their management is usually in the hands of working-men, while the firm acts as treasurer, exercises a kind of supervision, and represents, at any rate, a preponderating moral influence through its partners or chief officers.

Notwithstanding, however, the good features of these societies, it cannot be denied that two circumstances combine to restrict more and more their field of action. In the first place, the large working-men's Orders are gradually drawing away from them the most intelligent and the best-paid of their members; and in the second place, the Trades-unions, for reasons readily understood, are their declared enemies.

Membership in these factory societies is, as a rule, compulsory on all the workmen belonging to the establishment, and the societies are financially supported by the firm. It is not to be denied that *prima facie* both circumstances seem of some advantage. Compulsion, as regards the lower grades of workmen, who have not sufficient energy and foresight to join an independent Friendly Society, is frequently beneficial; the subsidy given by the firm enables these societies to promise substantial benefits in return for small contributions; their funds are in safe custody, and properly administered; their management is cheap and,

indeed, costs next to nothing, since usually the books are kept by the accountants of the firm. And yet, with all this, there are material disadvantages. On one point Sir George Young speaks out very plainly, in his Report to the Commission of 1874: "I believe," he says, "that the intention of employers in setting up these clubs has been unduly suspected, and that it was, in fact, exactly the same as that which has forced upon working-men the starting of penny death clubs, broken-bone clubs, and other rude methods of assurance—namely, their own protection against loss by the frequent recurrence of cases of distress in which it was painful for a benevolent man to refuse the help which it speedily became onerous to afford. But no doubt," he adds, "they admit of being turned into an engine for the preventing of strikes, or other moves on the side of the employed, in the too frequent collisions of capital and labour; and under these circumstances they are liable to abuse." * These circumstances alone would suffice to explain the hostility of the Trades-unions. There is the further fact, moreover, that these societies decidedly hinder the free relations of the workman, by binding him to his employer. If he leaves him, he loses at once his membership, and with it all the benefits which he has acquired by perhaps many years' subscriptions. Again, he may happen to be too old to obtain admission into any other Friendly Society, and it will be an exception if he has joined one before. It is due, nevertheless, to the influence of the Trades-unions that many of these factory societies now repay to an outgoing member a portion of his contributions, and thereby enable him to purchase admission into another society.

The second drawback attaching to these societies lies in the very financial support afforded by the firm. This support begets a false confidence that the benefits, which have no intrinsic relation to the actual contributions, will be guaranteed in any event by the employer, the result of which is that the society is laxly managed. If, moreover, the additional aid afforded by the firm is a fixed subscription, the increase in the number of members, or their advance in age, disturbs the whole calculation; and when

* Fourth Report, p. clxiv.

it is borne in mind that this aid has no legal basis, and must always depend on the solvency of the firm, some light is thrown on the precarious character of these institutions, and it is intelligible that the Trades-unions should endeavour, as they do, to draw over the workmen to independent insurance societies.

The internal constitution of these factory societies offers, therefore, in itself no guarantee for the solution of the question of insurance, in respect of the working-men immediately concerned. The fact, nevertheless, that so many of such societies exist, in which these evils do not appear, is due not to their constitution, but to the men who manage them. In this respect, however, it is right to admit that perhaps in no country is more done for the workmen by their employers in an unostentatious and honestly well-meaning manner than in England. The effect of this extends far beyond the whole area of Friendly Societies. Pure Christian motives play here a great part.

The factory society assumes another and special position, and acquires a peculiar value, when it forms part of a comprehensive care for the well-being of the workmen of the establishment. In this respect admirable things have been done at all times by manufacturers and companies. Well situated and healthy dwellings for their workmen are built; dining-halls supply cheap and wholesome food; schools—especially technical schools of a lower, and even of a higher, kind—are maintained in order to enable the workman, by means of evening instruction, to rise to a higher class or, at least, to let his growing-up children benefit by them. Frequently all these institutions are found united, so that the factory, with its town of operatives, its schools, dining-halls, baths, reading-rooms, libraries, pleasure-grounds, and parks becomes a social organization embracing the entire life of the workmen.

We refrain here from digressing further from our subject, but having touched already on the social aspect of these factory societies, we may be allowed to say a few words more in this respect. It is an essential condition of the prosperity of such institutions, comprehending, as they do, all the workman's relations of life, that the employer should live among his workmen. The evils caused by absenteeism on the part of landlords are reproduced in the case of large manufactories. The growth of joint-stock com-

panies has everywhere sharpened the antagonism between capital and labour. Where, on the contrary, as is common enough in England, already the second and third generations of a manufacturer's family are living on the spot, and have inherited, together with the business, a certain traditional care for their employés; where the master—and in such cases he is a personal master, and not a mere impersonal distributor of labour—comes daily into contact with his workmen; where he sits with them every Sunday in church, and, as happens among Presbyterian bodies, administers with them, on a footing of perfect equality, the spiritual and ecclesiastical functions peculiar to the same denomination; where his wife, sons, and daughters take the lead in the various local institutions of which we have spoken; where the whole family lead a life in keeping, no doubt, with their means, but none the less honourable;—under such conditions as these, should anything be wrong in the calculations of the society, the accounts are easily balanced, for we have in such cases a place before us where the "social question" is unknown, not because it is solved, but because it has been prevented from arising. We admit that, even presuming that many such places exist, they cannot play the decisive *rôle* in the solution of modern problems, but they form an element not to be overlooked in judging of social relations as a whole.*

* We will give a brief account of a number of these factory societies, with which we made ourselves acquainted on the spot, in the course of 1883 and 1884.

Messrs. John Crossley & Sons, Limited, carpet-weavers in Halifax, employing 4,500 workmen, are insured in an insurance company against any accidents that may happen to their workmen and bring them under the penalties of the Employers' Liability Act; whatever the firm pays in such cases, over and above the amount of damages judicially awarded, is a "matter of generosity." There is a sick fund, formed out of fines, and supplemented, when necessary, by the firm itself.

Messrs. Platt & Brothers, Company, Limited, machinists in Oldham, employ about 8,500 workmen. The society attached to the establishment provides only for accident, and for the burial expenses of any workman in case the accident is fatal. Membership is compulsory. The workmen are divided into three classes, and a rate is fixed for each class, which is levied whenever necessary.

10. *Railway Company Societies.*

The Friendly Society system has received an important development on the part of most of the railway companies. The

A fund of £30 is always kept in hand. The scale of subscriptions is as follows:—

Class.	Subscription each time.	Weekly Allowance.	Burial Money.
Workmen under 14 . . .	1*d.*	2*s.* 6*d.*	£2
,, between 14 and 18 .	2*d.*	5*s.* 0*d.*	£5
,, above 18 . . .	4*d.*	10*s.* 0*d.*	£10

The full allowance is paid during twenty-six weeks after the accident, and half for the ensuing twenty-six weeks; any extra allowances beyond this are matters for the committee to decide according to the circumstances of the case. The committee consists of the operatives, in conjunction with the members and managers of the firm, who act also as president, trustees, and treasurer. The employés are left to insure themselves in other Friendly Societies against sickness and old age, the firm not undertaking this branch of insurance.

When the Employers' Liability Act came into force, the firm received offers from various insurance companies to insure them against accidents to their workmen. They have declined, however, all proposals of this kind, and have also refused altogether to put pressure on their workmen, as has been done elsewhere, to contract themselves out of the Act; a line of conduct which has done very much to maintain good relations between the firm and their employés.

The Atlas Works, a locomotive factory in Manchester, employs 1,300 workmen. Membership of their society is compulsory, the management is in the hands of the employés, but the firm act as treasurers. The society insures against sickness, accident, and burial. The contributions are deducted weekly from the wages.

Class.	Entrance Money.	Weekly Subscription.	Weekly Allowance.	Burial Money.		Disablement Allowance.
				On the death of a Member.	On the death of a Member's wife and child.	
1	4*d.*	1*d.*	2*s.* 6*d.*	£3	15*s.*	£7
2	8*d.*	2*d.*	5*s.* 0*d.*	£6	£1 10*s.*	£14
3	1*s.*	3*d.*	7*s.* 6*d.*	£9	£2 5*s.*	£21

In case of sickness or accident, the workman receives the appointed allow-

London and North-Western Railway, the Great Western Railway, the Lancashire and Yorkshire Railway, the Midland Railway, and other railway companies, have established societies which are

ance, according to the class to which he belongs, for thirteen weeks in full, and for the next twenty-six weeks in half. After these thirty-nine weeks, the allowances cease. But if he has been disabled by an accident not due to his own negligence, he receives, according to his class, the allowance stated in the last column. There is no provision for old age.

T. Hoyle & Sons, Limited, calico-printers in Manchester, are a firm dating back more than a century, probably the oldest manufactory of its kind in England. It was situated, when first established, quite outside the town, which has spread so largely that the building is now in the middle of the town. The firm's relations with its employés are of a patriarchal kind, and there are workmen who have been in the manufactory for many decades. One of them died some time ago at the age of 101, having worked on the premises since he was twenty till a short time before his death.

Membership of this society is compulsory on all workmen above 14. The terms are the same as in the Atlas Works, but there is no allowance in case of incapacity for work caused by accident. The society does not insure against old age, but aged workmen, who have been employed for a long time in the manufactory, are provided in one way or other.

William Denny & Brothers, ship-builders at Dumbarton, on the Clyde, have an accident fund society, membership of which is compulsory. It is managed by a committee of eighteen, one-half of whose members are chosen by the firm, and the other half by the workmen.

Class.	Weekly Subscription.	Weekly Allowance.	Allowance in case of death.	Allowance in case of incapacity for work.
Workmen with wages under 11*s.*	1*d.*	5*s.*	£20	A sum is fixed by the Committee according to the nature of the case.
Workmen with wages between 11*s.* and 20*s.*	2*d.*	10*s.*	£30	
Workmen with wages over 20*s.*	3*d.*	15*s.*	£40	

The firm always contributes to the funds as much as do the workmen, thus paying half of the insurance money. For sick and old-age insurance the workmen are left to other Friendly Societies.

One of the most comprehensive of the institutions for working-men, which owe their origin to the initiative of manufacturers, is that at *Saltaire*, near Bradford, established by Sir Titus Salt. In his alpaca-weaving factory at that place, no less than 3,500 workmen are employed, whose whole relations of life are regulated by a complex system of arrangements.

Close by the factory is a dining-hall for workmen who do not reside in the

intended for their employés; and, taken altogether, occupy the same position in the system of working-men's insurance as the factory societies we have just described.* The wealth and

place itself, where they can get a mid-day meal with meat for 4*d.* or 5*d.*, and breakfast for 2*d.* This establishment is self-supporting. Most of the workmen live in cottages built by, and rented from, the firm. These dwellings are dry and healthy. The rent for a parlour, kitchen, and two bedrooms, is 3*s.* 3*d.* a week, and for larger cottages of the same description, 5*s.* The adult male employé earns on an average 25*s.* a week, and if he has also a couple of children employed in the factory, who can earn from 4*s.* to 6*s.* a week, the family income may easily be increased to 40*s.*

The school arrangements at Saltaire are a model of their kind. 6,700 children receive instruction in the elementary school. There are also a Mechanics' Institute, an industrial school with evening classes, a library, a reading-room, large rooms for drawing, a chemical laboratory, and a gymnasium. In addition to this, there is a higher technical course, which benefits, however, only the officers and scientific assistants of the firm, and only in exceptional cases the workmen. Provision is made for amusement, in the shape of a theatre, balls, and a cricket club. There are sick and burial insurance societies, and a benefit society for women. Provision is also made for old age, and the pensioners live in cottages built for that purpose. No one who visits Saltaire can fail to be agreeably impressed with the whole aspect and arrangements of this working-man's town, with its church, its public buildings, and its rows of neat and prettily-built cottages. Saltaire has served as a model for a number of similar, though smaller, institutions in England. How dominant an element, however, in the life of the English working-man is the active power of self-help and independence is shown by the fact which has been pointed out to me, that in these cheap and good working-men's dwellings at Saltaire, notwithstanding, or rather in consequence of, all the care taken for the men, less contentment prevails than in cases in which the English workman acquires for himself these comforts, though to a smaller extent, by his own efforts in the midst of his own self-managed associations.

* The Great Western Railway Company employ at their large works at *Swindon* several hundred officials and more than 6,000 workmen. Here are situated the large workshops of the Company for the construction and repair of their rolling-stock and plant, signals, etc. Swindon, therefore, is also the centre of all the institutions, especially the benefit societies, established for the Company's employés. Of the entire working-man population of Swindon one-half may be regarded as settled there for life, the remainder being of more or less a floating kind. The skilled labourers earn from 15*s.* to 20*s.* a week; the more skilled operatives, on whose training the Company bestow great pains, from 25*s.* to 30*s.*; and the best and most skilled mechanics from 30*s.* to 45*s.*

There are three benefit societies. The oldest of these, which was founded in 1844, is the *Locomotive and Carriage Department Sick Fund Society*. Any member leaving the service of the Company within two years from the date of

powerful position acquired by the great railway companies in England; the necessity, experienced by all of them alike, of organizing in some manner the servants and workmen of different

his admission ceases to be a member of the society; if he has been in the society more than two years, he may be allowed to continue his membership as a non-resident member subject to certain conditions. The society is registered as a Friendly Society. Its objects are to assist the members when disabled from work by sickness (including accident) or old age, and to insure the payment of a funeral allowance on the death of a member or of his wife or widow. The members are divided into three classes, according to payments and allowances. Inside each class the contributions are graduated further according to the member's age at admission. The contributions to the three classes range respectively from 6*d.* to 9*d.*, from 4*d.* to 6*d.*, and from 2*d.* to 3*d.* In the event of any deficiency of funds at any time, the committee are empowered to levy an additional contribution. The sick benefit varies from 4*s.* to 12*s.* a week, the full rate being paid for the first thirteen weeks, two-thirds for the next thirteen weeks, and after that one-half so long as the sickness continues to incapacitate from work. The superannuation allowance varies from 2*s.* to 6*s.* a week, and is payable to any member who is sixty years or upwards, and who has been twenty-five years successively in the Society. The funeral allowance varies from £4 to £12 in the case of the death of the member himself, and from £2 to £6 on the death of his wife. The financial results for 1881, 1882, and 1883 are as follows:—

Year.	No. of Members.	Receipts.	Expenditure.				Reserve Fund.
			Old Age allowances.	Sick allowances.	Burial money.	Expenses of Management.	
		£	£	£	£	£	£
1881	5,305	3,832	237	3,020	456	176	2,462
1882	3,707	4,021	293	2,463	369	179	3,400
1883	6,132	4,450	333	2,743	482	131	3,823

There is also a *Medical Fund Society*, established in 1847, the objects of which are to provide medicine and medical and surgical attendance for the members, their wives, and such members of their families, being within the degrees of relationship allowed by the Friendly Societies Act, 1875, Sec. 9, as are dependent upon them. The members consist of six classes, the contributions varying with the rate of wages. This society has established a hospital in Swindon for the treatment of accidents (excepting such as happen through an act of bravado, intoxication, or any fault of the member himself), and also subscribes to different hospitals to enable the sick members to obtain

categories who are employed in their extensive works; and, lastly, the peculiar dangers of the occupation, have stamped, however, quite a distinctive character on these railway company societies,

admission. In 1883 the number of members was 6,829, the receipts, £4,628, and the expenditure £4,534.

The third of these societies, the *Enginemen and Firemen's Mutual Assurance, Sick, and Superannuation Society*, is very perfectly organized, but is confined to the enginemen, engine-turners, and firemen, and officers who have served as such. The members are among the best paid servants of the Company. The engine-drivers of the expresses, always picked men, are able to earn 56*s*. a week, including the premiums paid for punctuality and care of their engines. The society receives substantial support from the Company. Its objects are: to make a regular allowance to every member while prevented by sickness or bodily injury from following his usual occupation; to pay a sum of money upon the death of a member to his widow, child, or nominee, or to the member himself in case of permanent incapacity for his ordinary employment through accidental injury, severe sickness, or old age; to pay a regular allowance for life to any member who may be permanently incapacitated by accidental injury or old age; to pay an allowance to the widows of deceased members, and to pay a sum of money upon the death of a member's wife. Naturally the contributions which entitle to these comprehensive benefits are correspondingly high, and only within the means of this best-paid class of employés. The members consist of two classes. Every new member pays an entrance fee, according to age, and ranging from £1 to £8. No new member is admitted above the age of 35. The entrance fee, as well as the current contributions, are deducted from the member's wages.

The weekly contributions are 1*s*. 6*d*. for first-class and 1*s*. for second-class members. If any member leaving the Company's employ shall have belonged to this society for six years or upwards, he has the option of either becoming a "non-resident" member, or of claiming the payment of a portion of his contribution paid to the society by him.

The benefits are as follows:—

1. A weekly allowance for sickness or bodily injury of 15*s*. in the first class and 12*s*. 6*d*. in the second class, the full amount being paid for twenty-six weeks, and after that period one-half.

2. Assurance money, amounting to £100 in the first class and £60 in the second class, payable (*a*) upon the death of a member, to his widow, children, or nominee; (*b*) upon the permanent disablement of a member by accident or severe sickness, preventing him from pursuing his ordinary occupation, to the member himself; as also (*c*) on his retiring from his ordinary occupation, having belonged to the society for not less than ten years, and being not less than sixty years of age.

3. A weekly superannuation allowance of 12*s*. in the first class and 7*s*. 6*d*. in the second class, under the same conditions as to age and length of service as last stated.

so that we shall be justified in considering them here apart from the societies of other large undertakings.

As regards their attitude and action in relation to the social

4. A weekly widow's allowance of 6*s.* 6*d.* in the first class and 4*s.* in the second class.

5. A wife's funeral bonus of £5.

The right to sick benefit ceases, as is natural, with the receipt of an allowance for old age or permanent disablement.

The management of the society is under the control of the Company's officers. The committee of management is elected from amongst the resident free members of the society. The financial results of 1881–3 are as follow:—

Year.	No. of Members.	Receipts.			Expenditure.					Reserve Fund.
		Contributions of Members.	Contribution of the Company.	Interest.	Sick Benefits.	Assurance money.	Superannuation Allowances.	Widows' Allowances.	Expenses of Management.	
		£	£	£	£	£	£	£	£	£
1881	2313	7708	1200	1477	1902	1622	1532	1513	164	37,977
1882	2439	8062	1200	1569	1915	2342	1622	1614	185	40,117
1883	2560	8337	1200	1666	2345	2224	1710	1841	175	43,417

The Railway Company use their influence to induce their employés to join the society, but do not put any pressure upon them, so that many of their workmen belong to free Friendly Societies, especially to lodges of the large orders. Occasionally, also, they insure themselves elsewhere.

The most important among the institutions established with the aid of the Company for their workmen and officers at Swindon is the *Mechanics' Institution*, the object of which is the improvement, instruction, and recreation of the members. The library of 12,000 volumes is very much used. In 1883 49,625 books were lent out. The reading-room contains 24 daily papers and 154 weekly and monthly publications. Every month there are lectures and musical entertainments. The evening and advanced classes of this institute are well attended. In 1883 the latter gave instruction to 255 persons. Arrangements have also been made for singing and dancing classes. The Company arrange annual pleasure trips for the members of the Mechanics' Institution, by which several hundred officers and workmen are sent, with their families, free of expense, to London, Bristol, and the sea, and elsewhere.

The Company keep a park in Swindon, intended on Saturday afternoons for cricket and football, in which the workmen take as zealous a part as the officers.

When work is over, about 6 o'clock in the evening, the rooms we have men-

question in general, the same remarks apply to these railway companies that we have applied to the large manufacturing establishments. The former have not only founded Friendly

tioned begin to fill, and till 9 or 10 o'clock are the centre of intellectual occupation and social recreation. The institutes of this kind, of which there are a large and increasing number in England, are perhaps the places best adapted to show at a glance to the observer of English working-men's relations what efforts are being made to bring the workmen, not only in their ordinary habits but also their amusements, into closer contact with other classes of society.

The London and North-Western Railway have their central works at Crewe, a place which forty years ago was only a farm, where two families resided, but which to-day has a population of 26,000, all of whom are directly or indirectly dependent on the Company for employment. The latter has established here an admirable system of relief, consisting of seven Friendly Societies, as follow :—

1. *The Provident Society* is intended for all kinds of workmen employed by the Company. Its object is to provide a weekly allowance in cases of temporary disablement for work, a retiring allowance for disabled members, and a sum at death. The members are divided into two classes, according to the rate of weekly wages. The scheme of insurance will be seen from the following table :—

	Weekly Payments.	Sum insured in case of temporary disablement for work owing to sickness or to accident incurred while not in the discharge of duty, or from any cause not provided for in the Rules of the Insurance Society.		Sums insured in case of death.	Retiring Gratuity, according to length of membership.			
		First 26 weeks.	Second 26 weeks.		After 5 and not exceeding 10 years.	After 10 and not exceeding 15 years.	After 15 and not exceeding 20 years.	After 20 years.
Class I. Members receiving wages of 12*s.* per week and upwards . . .	4*d.*	12*s.*	6*s.*	£10	£10	£20	£30	£40
Class II. Members whose wages are under 12*s.* per week . . .	2*d.*	6*s.*	3*s.*	£5	£5	£10	£15	£20

The Company give an annual contribution, and in case of a deficiency the

Societies, but provided in a comprehensive manner for their workmen. The complexity of all their arrangements for the workingmen in their employ presents, indeed, a contrast to the inde-

committee may levy a sum not exceeding two additional weekly subscriptions during a period of three months.

In 1883 the balance-sheet of this society was as follows:—*Receipts:* Members' premiums and cards, £13,472; Company's annual subscription, £800; fines, collected by the Company and paid in to the funds, £625; interest, £1,239. *Expenditure:* Death allowances, £1,270; weekly sick allowances, £9,815; retiring gratuities, £270; special grants, £95; expenses of management, £737.

2. *The Insurance Society*, established in 1871, is an accident insurance society for the employés and workmen, with the exception of the engine-drivers and their assistants. It pays in cases of temporary disablement by accident, whilst in the discharge of duty and in the Company's service, a weekly allowance during the continuance of such disablement, not exceeding fifty-two weeks; in case of permanent disablement a retiring allowance, consisting of a lump sum; a similar sum in case of death arising from accident; and, lastly, an allowance in case of death not immediately due to accident. The members fall into two categories: those who, in return for the promised benefits, have renounced their claims against the Company under the Employers' Liability Act of 1880, and those who have not so renounced them. Each of these categories is subdivided into three classes, according to occupation and rate of wages:—

Class.	Weekly Payments.	Retiring Allowance. 1. In case of permanent disablement. 2. In case of death.	Weekly Allowance in case of temporary disablement.	Sum insured in case of death not arising from accident.
1st	3*d.*	£100	21*s.*	£10
2nd	2*d.*	£80	14*s.*	£10
3rd	1*d.*	£40	7*s.*	£5

The second category of members, consisting of those who have not contracted themselves out of the Employers' Liability Act, pay the same subscriptions, but receive from one-half to two-thirds smaller allowances. In this way the Company have succeeded in inducing most of their employés to renounce their rights under the Act, the society itself being entirely dependent on the Company. In 1883, for instance, while the receipts from members' premiums and cards amounted to £16,256, and the interest on the reserve fund to £657, the Company's annual subscription was no less than £13,444. The expenditure during the same year was as follows: Death allowances, £10,189; for permanent disablement, £3,880; for temporary disablement, £13,153; expenses of management, £1,207. For the administrative purposes of the society the Company's whole line is divided into twelve districts, five delegates being

pendent efforts of the working classes themselves, who in England like best to stand on their own feet; but the beneficent action of the institutions called into life by, and subject to the influence of,

elected for each. These sixty delegates nominate twelve members of the committee of management, the remaining three being the Company's nominees. The chairman, deputy chairman, and secretary of the Company are *ex officio* trustees of the society.

3. *The Mutual Insurance Society* ("*Running Department*") is an accident insurance society, constituted similarly to the preceding, but intended specially for the engine-drivers and their assistants.

4. *The Works Mutual Insurance Society* in the same way is an accident insurance society for the persons employed in the Company's engine and general works, and is conducted on the same principles as the above.

5. *The Pension Fund*, established in May, 1883, is an old-age insurance society for all the Company's workmen earning weekly wages, with the exception of the locomotive staff. It consists of two classes, which entitle to a weekly pension of 10*s*. and 7*s*. respectively. The Company give an annual subscription of from £3,000 to £6,000. As a rule no member is entitled to a pension till he has reached the age of 65.

6. *The Locomotive Department Pension Fund* is intended for persons engaged at weekly wages in the locomotive department, and is similar in other respects to the general "Pension Fund."

7. *The Superannuation Fund Association*, established in 1853, is for the Company's officers, who pay towards it 2½ per cent. of their salaries, the Company contributing an equal sum.

At Crewe there is also a Mechanics' Institute, with arrangements similar to those at Swindon, but larger and more complete, having been more recently established. Here, also, there is a gymnasium as well as a savings bank attached to the Institute.

Great efforts have been made by the railway companies to promote the temperance movement. Many of their chief officers wear the blue ribbon. At Swindon a quarter of all the workmen are stated to have renounced all spirituous liquors. At Crewe there is not a single public-house in the working-men's town built by the Company, but there is a large coffee and tea tavern, and also a dining hall.

The Midland Railway Company have a Pension Fund for their salaried officers. For all their employés, salaried and unsalaried, a society was established in 1841, which has since been enlarged and registered under the name of the *Midland Railway Friendly Society*, its objects being to insure against sickness (including accident), to supply medical aid and medicines, and to make provision for old age and burial. Admission is open to all between sixteen and thirty-five, who pay an entrance fee varying, according to age, from 1*s*. to £1. The premiums also are graduated according to age, but are low in comparison with the benefits, the society being materially supported by the Company.

the railway companies is acknowledged even by those who are the most active in asserting the spirit of independence.

The management of these railway company societies lies in the hands of committees chosen by the parties interested; in other words, by the company's officers and workmen. The presidents and secretaries, however, are always superior officials of the company, who also keep and administer the funds, so that these societies, inasmuch as they require financially also the support of the company, must be regarded as dependent on the company. This preponderating influence is turned by the companies to various account. While some of them use it with a strong hand, others—and this merit belongs particularly to the Great Western Railway—leave their societies more freedom of action. The question in particular is how to take care that membership, and the claims acquired by long connection with the society and contributions to its funds, should not be lost when the member leaves the company's service; and that the company, therefore, should not have the means of keeping him in their service against his real interests. Some societies have rules in this respect, which

Members leaving the Company's service, provided they are thirty years of age and have been employed at least eight years, can claim a reimbursement of 25 per cent. of their contributions, after deduction being made of the allowances which they have actually drawn during membership. If the retiring member is thirty-eight years of age, and has been sixteen years in the Company's employ, he can continue to belong to the society as an "out-member," subject, however, to certain restrictive conditions. Ordinary sick pay amounts to 12*s.* a week for the first twenty-six weeks, and after that to 6*s.* a week while the sickness lasts. In case of disablement by accident when in the Company's service, the members receive accidental sick pay of 15*s.* and 7*s.* 6*d.* a week; and, if out-members, of 10*s.* and 5*s.* The superannuation allowance is payable after sixty-five years of age, and amounts to 6*s.* weekly. For burial money the society pays—in case the member's death has occurred in the Company's service, or in necessarily crossing or traversing a railway in going to or from his duties—a sum of £25; in other cases, £12; and in the case of the death of a member's wife, £5. From the statement of accounts for 1883 we learn that the society on 31st December, 1883, numbered 18,600 members, and had a reserve fund of £76,846. The receipts for that year include: Entrance fees, £244; members' contributions, £27,891; Company's subscription, £9,000; and interest on reserve capital, £2,546. Among the largest items of expenditure are sick and accident allowances, £16,771; medical aid, etc., £3,982; burial money, £3,038; and superannuation allowances, £980.

allow persons who have left the company's service to continue, though for the most part under certain onerous conditions, as "non-resident members," or at least to be partially reimbursed when leaving.

As regards the extent and objects of insurance, these societies are remarkable in two respects. While, as we have already had occasion to observe, the English Friendly Societies in general recognise no distinction between sick and accident insurance, the peculiarly dangerous character of some branches of employment connected with railways has caused the railway companies to establish special societies for insuring against accident, societies which exist side by side with the sick societies. These accident insurance societies are largely subsidised by the companies, who, on the other hand, leave the sick insurance, to a preponderating extent, to the independent working-men's Friendly Societies, and, above all, to the lodges of the large orders, all of which develop a great activity concurrently with the railway company societies. Some of these last-named societies have done undeniable service by constituting provision for old age and widowhood, a provision which is made possible, on the one hand, by the fact that the company's servants belong to a large extent to the best paid workmen, and therefore are able to pay the necessary premiums, and, on the other, by the fact that the companies themselves give no unimportant contributions.

As regards the strictly actuarial side of these railway societies, their financial condition differs very widely. As to some of them, we have heard, on good authority, some very unfavourable opinions, and their solvency seems to be doubtful, but the efforts made by all the English Friendly Societies during the last ten years to discover a sound basis of calculation, and introduce a stricter management, have produced a salutary effect also on the railway societies. Some of them are registered, and seek to improve their system of insurance by the published experiences of the large working-men's orders. The transition from the system of levies to a rational system of premiums, which is pursued so conscientiously by the last-named societies, is only beginning to make its way with the railway societies, most of them demanding contributions from their members, which, by themselves would be

far too small to cover the promised annuities and allowances from the funds, and which have to be supplemented by occasional levies and subsidies from the company.

These railway societies are therefore, notwithstanding the defects to which some of them are liable, an important branch of English working-men's insurance. Their social importance is enhanced by the fact that they form only a portion of those measures which the English railway companies are taking in hand for their officers and workmen. By the establishment of workmen's dwellings, schools, mechanics' institutes, dining halls, lavatories, and baths, by their promotion of temperance societies and savings banks, by their strict observance of the Factory Acts in their works, by their precautions for safety, etc., many of the large railway companies have, as we have already remarked, materially improved the condition of their workmen. In consequence of the higher standard of life, and the better moral conduct of the members, the system of insurance acquires that support of which all provident institutions stand in need.

11. *The Working-Men's Orders.*

We come now to the most important class of Friendly Societies, the large working-men's orders. They occupy so prominent a position in the development of the system of working-class insurance, that we shall not only have occasion hereafter to refer to them frequently in connection with the literary and actuarial side of the question, but must reserve the two leading orders—namely, the Manchester Unity and the Foresters—as the subject of special examination. We propose, in this place, to sketch generally the extension and external structure of these societies.*

The orders originated, as regards the leading bodies amongst them, in the last or early in the present century, but since then

* A comprehensive statistical or historical work on the English working-men's orders does not exist; the most done in this respect is the accounts given of the Manchester Unity and the Foresters. A good survey of the most important orders, describing their condition in 1870–1872, is contained in the Fourth Report of the Commission, p. xxv. *sqq*. Since then there has been published, in 1880, a "Short History of the Chief Affiliated Friendly Societies," being a collection of anonymous articles which originally appeared in the *Leeds Express*, and were written by a tried friend of Friendly Societies. Copious but very

their number has been increased by secessions and re-organizations. They were constituted as unions of local societies, which carried on the system of relief in different ways, but in addition to that

scattered material is furnished by the periodical and daily press, and especially by the papers and reviews which constitute the special organs of these societies.

The oldest of the English working-men's orders is the Odd Fellows. The origin of this order goes back to the first half of the eighteenth century, but the exact date cannot be ascertained. It is now divided into a large number of branches, which form entirely independent orders; only the older branches exhibit certain common features in their rules. Unquestionably the Odd Fellows during the last century approximated most nearly of all the orders to Freemasonry, and have adopted many of its forms. The various orders of the Odd Fellows, however, are not only wholly independent of each other, but have assumed very different degrees of extension and importance, on which account we propose to consider them separately.

The place of honour among these orders is now contested by the Independent Order of Odd Fellows, named briefly the Manchester Unity, and the Ancient Order of Foresters. Both of them are far ahead of all other orders.

The *Manchester Unity* was founded in 1822, and has since then enormously increased in magnitude. About fifty years ago it numbered 781 lodges, with 47,638 members; at the end of 1886 there were 4,351 lodges, with 617,587 members, scattered not only over the whole kingdom, but also through most of the colonies, and in Gibraltar, Malta, Constantinople, Buenos Ayres, and New York.

This order holds the first place as regards the efforts to improve its actuarial and financial position. The experiences it has made have been of the utmost service to the literature of Friendly Societies. Its example has had a very favourable effect, and its reputation in England stands very high. The headquarters of the order are at Manchester, but the Annual Moveable Committee (known shortly as the A.M.C.) hold their annual meetings every year in a different town. Since 1824 the order has had a periodical of its own, the *Monthly Magazine of the Independent Order of Odd Fellows, Manchester Unity*, which is published in Manchester. The highest functionary of the order is the Grand-Master. Each lodge has its own name (such as "Flower of Kent," "Lily of the Valley," "Rising . . ."). The motto of the whole order is, "Friendship, love, and truth."

The *Foresters* began in 1745, in Leeds, as the "Order of Royal Foresters." This order also, like all the rest, was not spared several internal struggles, secessions, disunion, and financial mistakes; but since 1834 especially, when it was reorganized and took its present name, the "Ancient Order of Foresters," it has made increasing progress. In 1845 it numbered 1,456 courts, with 65,909 members; at the end of 1886 it had 5,007 courts, with 667,570 members, and 15,652 honorary members, in Great Britain and the colonies. This order also has done great service to the study of insurance statistics. Its popularity has largely increased of late years. The annual meetings of delegates are held

—frequently, indeed, as offshoots of, or in imitation of Freemasonry—promoted as their avowed objects the sense of brotherhood and union among their members, by word and deed, by

yearly, like those of the Manchester Unity, in a different town, but it is a peculiarity of the Foresters that their Central Executive Council also follows these wanderings, and is removed from place to place. The Foresters have published since 1836 a quarterly magazine, entitled, *The Foresters' Miscellany*, which is always issued from the place where the Executive Council then happens to be sitting.

The symbols and ceremonial of this order are borrowed from forestry. In former times the present courts were called swainmotes (*swanemotum*). The presidents of these courts, and of the districts and the High Court, are named respectively Chief Ranger, District Chief Ranger, and High Chief Ranger, and the vice-presidents Sub-Chief Ranger, District Sub-Chief Ranger, and High Sub-Chief Ranger. Each court has also a Woodward, who is entrusted with the control of the sick insurance.

The colours of the order are green, and its motto is "Benevolence, unity, concord." Of late years the order has abandoned many of the symbols and ceremonies connected with the admission or funeral of a member, so that at the present day little more survives beyond the old-fashioned names, and the fondness for recalling forest life as much as possible, on the occasions of their meetings and public processions, in the ornaments and emblems. The distinctions, however, worn by the members and office-holders at their official meetings, still remain from the time when the fanciful and mysterious had a fascination for the otherwise practical and sober-minded member.

Stress has often been laid on the practical value of the pass-word, which is always given out for three months by the executive council of the order (such as "Be truthful," "Love and happiness," and so forth). It is certainly useful as a voucher for members, especially for such as are on their journeyings, and are unknown to the functionaries of the courts where they wish to be introduced. There are also certain signs of recognition in use, which serve the same purpose.

The *Grand United Order of Odd Fellows* is the third largest of the affiliated orders. Its origin dates back to the last century. The sittings of the Grand-Master were formerly at Leeds, and are now at Manchester. This order also has largely increased in strength of late years: in 1866 it numbered 67,229 members, and in September, 1878, no less than 102,657, distributed among 1,567 lodges. About one-fifth of these members are in America. The constitution of this order is more democratic than that of most of the others, and in America a considerable number of coloured men belong to it. In the United States this order has also 116 women's lodges, known as the "Household of Ruth," the object of which is to minister to sick brethren. In England the order assists its brethren who are travelling in search of work with an allowance of three farthings a mile, and with night lodgings by means of 60 stations.

The *Order of Druids* was founded in 1858, being the result of a split and of

conviviality, and by mutual advice. Even at the present day they pursue both objects, though, as compared with former years, the insurance side of these orders has assumed importance and become predominating. These orders consist, then, of a larger or smaller number of single societies, mostly called lodges. The smaller orders have a more local importance and character, the larger ones are spread over all parts of the British Empire, and have lodges in England, Scotland, Ireland, and the colonies.

It would scarcely be possible to state from statistical works on the subject, or parliamentary reports, the total number of these orders, and give exact figures of their strength, receipts, expenditure, and funds. The writings which lie before us deal only with the more important orders, above all with the Manchester Unity and the Foresters. The Report of the Commission

a subsequent union of a part of the Ancient Order of Druids, and has its seat of government at Manchester. It has lodges (called "groves") both in America and Germany. At the end of 1878 it numbered altogether 72,818 members, in 128 districts and 1,235 groves. Half of these members are in Lancashire and Yorkshire.

The *Loyal Order of Shepherds* (*Ashton Unity*) was founded in 1826, and has its head-quarters in Lancashire and Yorkshire. Formerly it adhered closely to a ceremonial emblematic of shepherd life, and the brethren used to meet attired in aprons of lamb's wool and broad hats. To this day the grand-master of the order bears the title of Chief Shepherd. In 1883 this order had 906 lodges in 105 districts, with 64,525 members. It makes registration compulsory on all the lodges. Like the Manchester Unity, the Foresters, and other orders, it has fitted out in 1880 a lifeboat fully equipped and furnished.

The *National Independent Order of Odd Fellows* was formerly a branch of the Odd Fellows, but since 1844 has been independent. Its head-quarters are in Yorkshire. In 1883 it numbered 597 lodges, with 47,026 members. By means of an "Extension Fund" this order defrays the expenses of establishing new lodges, of which it has some even in New Zealand.

The *National United Order of Free Gardeners* originated in 1820, as the re-organization of an old order of Free Gardeners. In 1878 it numbered 691 lodges in 94 districts, with a total of 43,144 members.

The *Nottingham Ancient Imperial United Order of Odd Fellows* became an independent order in 1810, and in 1883 numbered 41,263 members. In addition to this, there are a *British United Order of Odd Fellows*, an *Independent Order of Odd Fellows* (*Kingston Unity*), and a *Leeds United Order of Odd Fellows*.

Among the numerous other minor orders may be mentioned the *Order of Rechabites* (*Salford Unity*), whose members are bound to become abstainers. The members of the *Sons of Temperance* order are also teetotalers. The order of *Ahabath Olam* is confined to Jews.

of 1874, however, publishes a list which, the Commissioners state, comprised, so far as they were aware, all orders numbering at that time more than 1,000 members. The data respecting these orders —thirty-four in number—relate only to England and Wales, and to the period between 1870 and 1872. The total number of members of these thirty-four orders was then 1,252,275, of whom it was estimated that ten per cent. at least should probably be deducted for double membership, leaving a total of 1,134,000. On the other hand, an important addition must be made for Scotland, Ireland, and the colonies. During the last fifteen years the strength of these orders has considerably increased. Thus the Manchester Unity, which had in Great Britain and Ireland at the end of 1872, 3,551 lodges, with 436,918 members, numbered ten years later, 3,565 lodges, with 506,352 members. Within the same period the number of members in the colonies and foreign parts increased from 33,125 to more than 50,000. The Foresters, which had in Great Britain and Ireland in 1872, 3,738 courts and 400,217 members, had ten years later no less than 3,957 courts and 531,987 members, not including the members in the colonies and foreign countries, who increased in the same period from 21,771 to about 50,000. We are only able to give the strength of thirteen out of the above thirty-four orders at the end of 1883. This was altogether 1,646,934 members, as against 1,128,000 twelve years earlier. These are figures which afford a proof not only of the general importance of this class of Friendly Societies, but of their rapid growth since the returns published by the Commission of 1874. We see also that to the Manchester Unity and the Foresters falls the lion's share in the extension of these orders.

The orders gave themselves, in earlier days more than at present, by means of a kind of ritual, consisting of certain names and symbols, passwords and signs, a certain air of mystery, which contributed not a little to attract members. All these external forms have now only a subordinate importance, although certain formulas and passwords are still retained, which, together with the often most eccentric names of functionaries, devices, symbols, and emblems of the order, present a strange contrast to the thoroughly practical and sober objects of insurance against sickness and accident.

The most important point in the whole organization of these orders is the relation of the various lodges to the central governing body. In general, every local branch is independent, has its own rules, receipts, expenditure, and fund. Above them all stands the central body of the order, consisting of an annual assembly of delegates from all the lodges,—a kind of parliament, with an executive committee, responsible to the general meeting and elected by the delegates. In the large orders a division into districts is introduced between the branches and the central body, with a district management, composed again of an assembly of delegates and an executive committee. As regards the objects of insurance, the branches were until comparatively recent years entirely independent; they could institute sick or death insurances as well as any others, according as they found it suitable to their purpose; but latterly, in nearly all the orders, a decidedly centralizing tendency has appeared, inasmuch as the central bodies exercise more and more influence on the business of insurance and the management of the branches, and, moreover, seek to obtain a broader basis for some objects of insurance than that of the comparatively small lodges. Thus many orders leave sick benefits to the branches, but bind them to certain tables of premiums and rules of management, while assigning the insurance of funeral benefits to the district bodies. Quite recently the two large orders—the Manchester Unity and Foresters—have instituted an independent insurance against old age, which is to be managed on a purely central principle. In general, it may be said that the central power in nearly all the orders is increasing, although this preponderance is in many respects a moral one, and not one based on any rules. From the central body in nearly all the orders proceeds a strong impulse in favour of improving the tables of premiums, the management and the financial administration of the lodges and districts; its executive committee watches over the observance of the general rules of the order, which form the basis for the rules of the various districts and lodges; and lastly, it settles disputes;—all this, however, not without opposition from the local elements, which in these English institutions have such a strong sense of independence that they will only allow a central power to ripen by degrees.

These orders are destined unquestionably to play an increasingly large part among the English Friendly Societies. By degrees, societies, which were formerly independent, are either joining these large orders or being re-established as lodges of the order. This power of attraction is very natural, and it is equally natural that just the largest orders exercise it most strongly. A union spread over the country in many thousand lodges, offers in all those places to its members, whether on travel, or on resettlement, advantages which a local society does not possess. The various lodges of the order serve usually as places of payment for each other; in many orders a member can step from one lodge to another; and in all cases the lodge in a strange town is a place for every member of the order, where he finds information and advice, conversation, company, and brotherly support. The feeling of belonging to a powerful, rich, and large fraternity is not less attractive in its operation, and if frequently the purely external manifestation of the order, with its symbols, processions and festivities has an attractive effect, it is certainly just as often, and oftener, a wholesome sense of comradeship that induces members to join. It is precisely the educated workmen,—men who take an active interest in the question of insurance, and aspire to gain knowledge on this subject, and give practical effect to their knowledge,—who turn to the large orders in which the system of insurance forms continually a subject of searching discussion, and one which has given birth to a literature that will mark an epoch. The annual balance-sheets of the branches and districts, as well as the general reports and other publications of the orders, the periodicals issued by many of the orders, the announcement of prizes for essays on important questions, and, above all, the continual discussion at the lodge and district and general meetings, are invaluable opportunities to the members of obtaining knowledge, extending that knowledge, and preparing themselves for practical activity—first in the lodges, then on the district, and finally on the central executive committee. In this way the order trains up the persons who stand at the head of its affairs. When with this experience, extending over many years, is combined the accumulation of theoretical knowledge, the result is the turning out of those leaders conscious of their aim, to whom the orders

are indebted for their prosperity. Usually the best articles which we read in scientific publications on questions of working-men's insurance, proceed from those men who have thus educated themselves up by practical experience and industrious study.

Besides these men, self-government in the orders has developed a kind of official class. The hierarchical composition of these unions, the necessity of carrying out large schemes of organization and actuarial business, conducting the publications of the order, and arranging the general meetings, have led to the appointment of permanent secretaries. These are standing salaried officials, who, usually with some assistants, perform the office work of the central body of management. Practically, however, they are far more than mere executive organs of the central committee, since they represent the permanent element of administration as opposed to the changing composition of the committee. In their hands lies the care of all current business; they answer the inquiries made by the various lodges, keep up an extensive correspondence with the Chief Registrar, collect statistics, prepare the returns which the lodges are required to send in, and altogether attend to all affairs connected, according to the rules, with the central administration of the order. The districts and lodges also have their permanent secretaries, though these are more seldom salaried officers, devoted exclusively to this service.

As to the financial condition, as well as the management of these orders, we have yet to speak. In forming a general opinion, it must not be forgotten that the separate societies, of which these orders are composed, were established at different times and under different circumstances, and therefore differ widely in their administration and insurance, and especially in their financial position. The new lodges, which had at their disposal, when founded, all kinds of literary assistance, experience, and model rules, are usually better situated in the last respect than the older ones, the basis of which is frequently defective, and which reform themselves only by degrees, since it is easier to establish on a sound basis a new apparatus of insurance, than to improve an old and unsound one.

It cannot be denied that certain drawbacks are connected with the organization of the large orders, which are urged in particular

by those who are able to point to well and cheaply-managed independent societies. The threefold administration of lodges, districts, and the order naturally occasions great expenses, which are swelled by the travelling expenses of the delegates who attend the general meetings, and increase the amount of the members' contributions. Moreover, the competition between the separate orders frequently asserts itself in a disadvantageous manner, since the one may take away the ground from the other by establishing lodges in the same locality, and in this way many small Friendly Societies have originated unnecessarily. That complaints should be made of cliqueism is not surprising; and that the settlement of disputes in these large orders suffers from many defects must be admitted; but after conceding all due importance to these disadvantages, the advantages of the large affiliated orders appear largely to preponderate. Certain it is that the best part of English workmen turn to them with increasing interest, and that their influence on the higher grades of workmen is immense, for they have become schools of morals, and of thrift, providence, and business knowledge, such as scarcely exist elsewhere.

As regards the important question, from what classes of the population and working-men the members of these orders are recruited, proper statistical data unfortunately are wanting. But it may be said with truth that these orders comprise the pick of the English working class, that daily wage-earners and agricultural labourers find admission to them only in small numbers, the contributions, as a rule, being beyond their means; while, on the other hand, factory superintendents, artisans, shop-assistants, and members of the lower middle-class, form a strong contingent to them.

12. *Societies of Females and Young Persons.*

Friendly Societies intended exclusively for females do not form a class distinguished by any special features, but exhibit forms entirely analogous to those of the large mass of other Friendly Societies. There are separate societies for females, as well as affiliated orders, such as the Female Foresters, Female Druids, Female Gardeners, Female Rechabites, Odd Females, Odd Sisters, Ancient Shepherdesses, and others. In the north of

England, where burial societies in general are especially numerous, there are also Female Burial Societies, which are sometimes termed "life-boxes." Many of these female Friendly Societies are dividing societies. The evidence with regard to these female societies, which was collected by the Commission in 1874, was generally unfavourable. Most of them are unregistered. Their financial position is very precarious, the connection of the branches with the affiliated female orders is loose, and the tone and management of these societies are far from satisfactory.*

Since the Friendly Societies established for men have latterly more and more extended their objects of insurance, and made provision also for the relief of the wives, widows, and orphans of their members, these exclusively female societies seem, as is natural, to be losing importance. Sir George Young is plainly right in saying: "The best and most obvious provision for the women in a working-man's family is the man's own club, if to the usual benefits which are thereby afforded can be added a subscription for medical aid to the whole family, such as has been sometimes attempted among the Foresters, and is frequently provided in clubs started, for that purpose only, by the doctor himself. The Female Friendly Society appears to be of small comparative value. When girls earn wages the conditions are of course altered; but even here the accumulation of savings in a savings bank, more especially if the limited insurance against sickness provided by Mr. Best's deposit principle could be secured, appears far preferable to the machinery of an ordinary sick club."

We must mention, however, an attempt very recently made (1885) to form a large affiliated female order, the United Sisters Friendly Society (Suffolk Unity) the president of which is the Rev. J. Frome Wilkinson, of Long Melford, in Suffolk. This order is intended to unite registered female branches into a large central association, after the pattern of the large affiliated orders of working-men. The management, so far as is practicable and necessary, lies in the hands of females, as, in particular, the supervision of cases of sickness; while, on the other hand, the financial and actuarial part of the business is entrusted to several experts. By

* Fourth Report, pp. cxliii.–cxlv.

this means it is hoped that women of the higher classes will join the lodges, and that a favourable co-operation will be effected between the female members of the order and the administrative body, consisting of men.* An important extension of the Friendly Society idea has been made some time ago for young persons, by means of the so-called "Juvenile Friendly Societies." The first attempts took their origin from the Sunday schools, in which pupils and teachers contributed to a fund for sickness and burial. By this means habits of providence and thrift have been taught not without success. More recently the large working-men's orders, particularly the Foresters, have taken in hand the question of juvenile branches for young persons, intended to serve as stepping-stones to admission into their branches.†

* From the rules of this United Sisters Friendly Society, which have been taken from those of the large working-men's orders, and whose tables of premiums have been prepared by the experienced actuary, Mr. Reuben Watson, we quote the following provisions:—

The promised benefits are: sick allowance, burial allowance, superannuation allowance after the age of 65, and medical aid and attendance, and also "temporary relief in distress" can be insured for. The first three benefits are obtainable under a strict system of premiums. The other expenses are met by levies. The society is open to females between 16 and 45. For sick and burial insurance there are four classes, the sick benefit ranging from 4*s.* to 10*s.* a week, and the burial allowance from £3 to £6. The "Sisters" have the option of insuring themselves against sickness either for life or by another arrangement, according to which the sick insurance ceases at the age of 65, and gives place to a superannuation allowance. The sick benefit is paid in full for the first six months of sickness, and after that in half. Confinement is not counted as sickness, and a sick allowance can only be drawn after four weeks have elapsed since the delivery.

† Quite recently the "Foresters" have realised a scheme for concentrating their juvenile branches into one great union. The rules of this "Juvenile Foresters' Federation" have in view a close connection between the various courts, for the purposes of rendering each other mutual assistance, collecting statistical material, publishing an annual directory, and enabling any juvenile member to remove from one court to another, and, if 18 years of age and upwards, to enter one of the courts for adults. The central government of this Juvenile Foresters' Federation is always at the same place as that of the order.

From the "Juvenile Foresters' Directory" for 1885 we gather that in 1884 there were 1,037 courts for juveniles, with 58 777 members, of which 969 courts, with 55,812, were in Great Britain, and 68 courts, with 2,965 members in the colonies (especially Canada, New Zealand, South Africa, and Australia) and in the United States.

CHAPTER III.

Reform Movement inside the Friendly Societies.

Benevolence and not insurance the original object of Friendly Societies.—Early causes of collapse.—Evils caused by drinking habits.—Opposite tendencies to Self-help and State supervision.—Legislation a series of compromises. —Threefold objects of reform.

(A) *Friendly Society Literature.* Dr. Price's Northampton Tables of Sickness and Mortality.—The Highland Society's Tables.—Mr. Ansell's Tables.—Neison's "Contributions to Vital Statistics."—Quinquennial Returns, 1845–1850.—Mr. A. G. Finlaison's "Government Tables."—Mr. Ratcliffe's labours for the Manchester Unity.—Mr. Neison and the Foresters' Experiences.—Actuarial value of these investigations.—Other workers in the field.—Mr. Tidd Pratt.—Mr. Charles Hardwick.—Mr. Neison, jun.—Friendly Society publications.—Report of the Commission of 1871–1874.—Reports of the Chief Registrar.—Institute of Actuaries.

(B) *Insurance System.* Funeral and sick benefits.—Conditions of the old levy system; its want of stability.—Gradual transition to the new premium system.—Financial advantages of secessions.—Calculation of average liabilities.—Graduation of premiums.—Causes of early insolvency. —Hindrances to reform.—Elements in calculation of risks.—Question of occupation; practice of Friendly Societies in this respect.—Valuations.—Fluctuations in Friendly Societies.—Difficulties and prejudices.

(C) *Management.* Common features of all Friendly Societies.—Spirit of independence in the working classes; their growing intelligence.—Middle-class co-operation.—Social character of the Societies.—Officers.—Rules.—Question of extent of a society.—Efforts at amalgamation.—District Associations.—Equalization.—Amalgamated Societies.—Investment of funds.—Investment Associations.—Expenses of management.—Precautions against shamming sickness.—Settlement of disputes.—Good effects of the Temperance Movement.—Social advantages of the Societies.—Publicity of their arrangements.

Having made ourselves acquainted with the different forms assumed by Friendly Societies in England, we proceed to our main task; namely, to show how, inside these widespread and multiform institutions, the difficult questions of actuarial calculation,

financial management, and general government have been dealt with, what progress has been made in these respects, and to what extent, therefore, these societies may be regarded as having achieved the objects of working-men's insurance.

We must add here a remark which we have already had occasion to make. The Friendly Societies were established in the first instance, in the early part of the present century, as institutions for mutual relief and maintenance; it was almost unconsciously that they undertook the business of insurance, and it was only by degrees that they changed themselves into consolidated societies, based upon actuarial principles. This process of transition, which even now has not been completed in all these societies, has proceeded very slowly, and the experience acquired has been dearly purchased.

In earlier days, complaints of abuses in the various Friendly Societies, such as insolvency, dissolution, mismanagement, and even dishonesty, were matters of daily occurrence. No one can take up any old parliamentary report dealing with this subject without finding the heaviest indictments against a large portion of these societies, and it is the very men who devoted all their abilities to assisting them with their statistical and actuarial labours, who have judged them most severely. Their criticisms are only too well founded. The Friendly Societies had undertaken, with wholly inadequate machinery, a task for which, as originally constituted, they were unfitted.

In their primitive form the Friendly Societies, as we have already seen, consisted of clubs or groups of persons who levied sums to cover the expenses of sickness or burial, when occasion arose. That went on as long as the members were of an age fit to work, and the cases of illness or death were few. But when, as the members grew older, the sums to be levied increased at a high rate of progression, it was all over with the society, and the workhouse was the sad conclusion. But even when monthly or weekly subscriptions were collected, instead of occasional levies, and by accumulating a reserve fund the societies began to show some approximation to a regularly organized system of insurance,—it was more a matter of accident, especially of favourable circumstances or of exceptionally cautious management, when

they remained solvent for any long period. Usually the payments were small out of all proportion to the benefits, and were the same from all the members, without distinction, whether they were young or old, and represented, therefore, better or worse risks. The obligations of a Friendly Society thus situated could only be discharged by making the contributions of the newly entered younger members cover the expenses occasioned by the older ones. The smaller the society, the more evident this became, and many of them sought to help themselves by insisting that no older member should be admitted, unless he brought a younger one in as well. But, in spite of all efforts, the younger members frequently refused to join the society, or left it to found a new one; and then, after the reserve fund, seldom a considerable one, was exhausted, the dissolution of the society—combined with what was considered to be scandalous injustice to their oldest members, who now received nothing, after all their years' contributions—was the inevitable result. In these few lines is summed up the fate of many hundreds of Friendly Societies, which have collapsed from sheer want of plan.

Many societies, however, succumbed to the opposite danger—namely, the attempt, when a considerable fund has been accumulated, to divide it among the members, and thus dissolve the society.

Associated with these were a number of other evils. In every town, and even in villages, there were frequently several Friendly Societies, all of which fished for members and tried to underbid each other. This competition worked very mischievously; it was very often an occasion for a new society, which sought to induce members to join it, to try to do with smaller contributions than its older rivals, regardless of the probabilities of sickness or death, and regardless also of the age or occupation of its members. The consequences were as inevitable as they were mischievous.

An inveterate vice, which is complained of over and over again in earlier official reports and in the newspapers of some decades ago, consisted in the habit of most Friendly Societies to make use of their general meetings for drinking bouts, and, indeed, to spend a portion of their receipts in regular libations. Many Friendly Societies were started as a speculation by the publicans themselves, who took care that at the meetings held at their

houses—often as directed by the rules—a certain quantity of spirituous liquor should be consumed.

The Reports of the Registrar of Friendly Societies from 1850 to 1870 contain a multitude of letters, newspaper articles, and reports of cases tried in courts of law, which enable one to see how widespread was this last-named evil among Friendly Societies throughout the country, even at a time when the reformation of these institutions had already made great progress. The then Registrar, Mr. Tidd Pratt, inveighs constantly in his Reports, with the zeal of true morality, against the ruin brought on Friendly Societies by habits of drink. He never failed to expose all the worst cases that came under his notice, and if this has been charged against him frequently as an excess of his official duties, it was certainly very largely due to his exertions that the evil since then has been decidedly checked.

Were we to enumerate the further sins charged against the older Friendly Societies, we ought not to pass over the kind of so-called management, which was frequently nothing but arbitrariness and disorder. It was frequently complained that the majority of the members illegally dissolved the society, in order to be able to share the funds, excluded without cause members who began to be a burden on the funds, and made use of arbitration to get rid of their older members. As to any systematic book-keeping, such a thing was frequently unknown, and the management was in the hands of secretaries who were distinguished for their utter ignorance.

The farther back we go in the present century, the more unfavourable were the relations in all these respects, and even as late as 1867 the Registrar, Mr. Tidd Pratt, reckons that from 1793 to 1867, out of the 38,315 Friendly Societies registered in England and Wales, no less than 13,935 had collapsed, leaving 24,380 still remaining. He estimates that in the same year there were 4,015 persons in all the workhouses in England and Wales who had belonged to Friendly Societies which had been dissolved or collapsed.

The task of describing the movement of reform, which laboured with undeniably great success to remove these evils, and to purify, secure, and strengthen the institution of Friendly Societies, is quite as difficult as it is to offer, as regards the present, or, indeed, any earlier period, a general opinion, or one based on figures, as

to the condition of these societies. The reason is that in this field everything depends on voluntary action. We will put aside at present the question how far this course of development has corresponded with its aims, though we shall constantly hereafter have to bring the whole bearings of this question before the reader, since, in fact, everything hinges upon it.

At all times there have been two tendencies, which are plainly discernible in the history of the development of Friendly Societies, and which run counter to each other. On the one hand, there is the old tendency of Englishmen to self-help, to the undisturbed management of their own affairs by the parties immediately concerned, without any State supervision or official interference; and, on the other, there is the view that these multiform unions and societies require an effective State supervision and control, that certain principles must be prescribed to them, and that in this way alone can progress be achieved.

These opposite tendencies are reflected in the evidence of all the witnesses examined by the Commission of 1874, in the transactions of learned societies, in Parliament, in legislation, in the newspapers, and in literature. All the long series of Acts of Parliament, from the first Friendly Societies' Act of 1793, to the consolidated Act of 1875, are in reality so many compromises between these two opposite tendencies. But, although at times the view of those who advocated a stricter supervision of Friendly Societies, and more decisive action by the State in this respect, received a strong support from facts, still, so powerfully has the tendency of self-dependence predominated, that not only has all legislation remained permissive, in the sense of leaving the Friendly Societies to decide whether they will register themselves, and thereby submit to a certain amount of State supervision, but that even as regards the registered societies, this supervision has been extended only slowly and by degrees. Practically speaking, these two tendencies are represented most nakedly by the non-registered societies on the one hand, and by the central government of the affiliated Orders on the other. The former are the blunt expression of the old English repugnance to dictation from above; the latter strive after a firmer organization of their own societies, and therefore promote registration as

far as possible, although this involves submission to a certain amount of State supervision.

The elements of compulsion, therefore, which have intervened in the constitution of Friendly Societies, consist simply of this, that the registered societies have to comply, with regard to the management of their insurance business and the disposition of their funds, with certain statutory requirements, and are subject therein to some supervision, and that the large Orders and other affiliated societies have, through the exercise of a more or less vigorous central power, acquired an influence over the management of their branches. In other respects, however, the work of reform has been effected with entire freedom of action, no doubt at the expense of unity and rapidity, but certainly with advantage to internal strength.

Advancing step by step, now halting, now, perhaps, retrogressive, these numerous Friendly Societies, conducted in accordance with such manifold individual views and interests, are thus gradually developing themselves, and, in general, drawing slowly but surely nearer to the goal.

What, then, is this goal? How are they striving to attain it? and How far has it been already reached?

The answering of these questions will occupy us in the following pages. The aim of the whole development, taken altogether, is threefold. The objects before the Friendly Societies are, *firstly*, to discover the proper transition from the system of levies or incomplete and insufficient contributions, to a safe and well-calculated system of premiums; *secondly*, to improve their management by the introduction of rational rules, correct book-keeping, and a safer investment of capital; and *lastly*, to perfect the system of working-men's insurance by a separation and independent constitution of its different branches. Out of the general benefit societies have grown by degrees the Friendly Societies, with their various branches of sickness, old age and burial insurance, provision for widows and orphans, and for other subsidiary objects, each of which accumulates its separate experience, makes its separate calculations, and has occasioned a separate management.

The means by which this threefold aim is furthered, consist in the first place of statistical inquiries and the elaboration of

statistics; in other words, of the literature of working-men's insurance, which first collected and then diffused the necessary experience and knowledge. It has enabled those practical efforts which have been made for an improvement of their condition inside the Friendly Societies, and especially in the large orders, and in those societies whose management lies in the hands of highly-educated persons, and which have become the second important element in the whole course of reform. Lastly, there remains to be considered the legislation, which, however little compulsory it has been, still has had a decisive influence on the whole development. The following account will move on these lines, and will endeavour to show how far the literary movement, the practical improvements made by particular Friendly Societies, and lastly, legislation and State supervision, have contributed to bring the Friendly Societies nearer to the wished-for goal.

(A) *Friendly Society Literature.*

In undertaking to give a short sketch of the literature which has exercised a decisive influence on the development of Friendly Societies, we must impose on ourselves a certain limitation. It cannot be our task to describe even in outline the English literature of insurance in general, however closely, as is natural, its efforts and results are connected with the works dealing specially with the insurance system of Friendly Societies. We propose to consider only that literature which has an immediate bearing on the reform of the English Friendly Societies.

The literature of English working men's insurance resolves itself into several categories. In the first place, there are a number of scientific publications which contain the results of statistical investigations, and elaborate those results for the purposes of the various kinds of insurance conducted by the Friendly Societies, explain the objects of working-men's insurance, and, above all, have been of inestimable value in having throughly criticised the defects of existing arrangements from a purely impartial point of view. These works are chiefly theoretical. Closely connected with them are a large number of books, prize essays, and articles in periodicals as well as in the daily newspapers; also the annual reports of the several Friendly Societies, statistical publications

and occasional pamphlets, all of which are distinguished by the pains they take to popularise the results of scientific research, and make them adaptable to practice. And lastly, there is a third group of working-men's insurance literature, consisting of the various reports presented to Parliament.

In the ranks of those men who, on the authority of a more or less extensive collection of statistical data, and by the application of various mathematical methods, compiled tables of sickness and mortality with the view of giving to the English Friendly Societies a safer basis, the first in point of time is Dr. Richard Price. As long ago as 1789 he sought to introduce graduated tables of contributions for working-men's insurance, and he was the author of the famous Northampton Tables of Mortality, prepared from the lists of births and deaths in the various parishes of that town, which he published in 1780, and which, notwithstanding its defects, long enjoyed great repute.*

To Dr. Price belongs the merit of having first prepared the way, but a generation elapsed before the calculation of reliable tables of sickness and mortality could be made on the basis of new statistical data. In 1824 the Highland Society published tables of the average duration of sickness among persons of various ages, founded on the experience of 73 different benefit societies in Scotland, and representing 104,218 years of life. The main defect of these tables was that the statistical data emanated from societies, many of whose members had joined them from philanthropic motives, and had never made any claim to their benefits, but simply assisted them with their contributions. About the same time Mr. Ansell published his tables, calculated on the basis of observations extending to about 5,000 members of friendly societies for five years (1823–1827), and embracing only 24,323 years of life. The average duration of sickness, which he reckons from these data, is higher than in the Highland Society's tables; but inasmuch as his materials, as regards ages over fifty, were extremely small, his returns on this head are altogether untrustworthy.†

* From this period dates Sir F. M. Eden's celebrated work, "The State of the Poor" (1797), which deals searchingly with the question of Friendly Societies.

† Charles Ansell, "A Treatise on Friendly Societies," London, 1835.

The above-named works, together with a series of other and less important ones, belong to the period of the first attempts made to give Friendly Societies an incontestable and scientific basis; but since the materials were inadequate, and the methods of calculation imperfect, they very imperfectly answered their purpose.

In 1845, however, appeared a work which, as regards both the theory and practice of Friendly Societies, formed an epoch. We refer to the elder Neison's "Contributions to Vital Statistics."* The importance of this work consisted in the fact that it established a number of new and important principles as to the treatment of materials, and espoused the cause of Friendly Societies with equal spirit and power of conviction. Neison's work, to the third edition of which (1857) we refer in these pages, was not compiled according to any system, but was made up of a series of admirable monographs on the most important questions connected with the statistics of sickness and mortality. In an excellent preface the author sums up the results of his separate investigations, and points out the defects from which Friendly Societies suffer, as well as the measures by which those defects may be cured.

The first condition of the safety and stability of a Friendly Society in Neison's opinion, is that every society should consist of members sufficiently numerous to realise the average results anticipated in the calculations on which its tables of contributions and benefits are founded. *Secondly*, Neison insists on the necessity of instituting a periodical valuation for every Friendly Society and considers it indispensable that every five years there should be a financial adjustment of its assets and liabilities. "One great mistake," he adds, "often made by the promoters and managers of small societies, is that they conceive that if a particular society is eminently successful under a given scale of contributions and benefits, those who are residing in another district, and living under different influences, cannot do better than follow the

* The full title of this work is "Contributions to Vital Statistics: being a development of the rate of mortality and the laws of sickness from original and extensive data; with an inquiry into the influence of locality, occupations, and habits of life on health, an analytical view of railway accidents, and an investigation into the progress of crime in England and Wales," by F. G. P. Neison. Third edition. London, 1857.

example of their neighbours. This impression is natural enough, but no conclusion has of late years been better established by practical research, than the fact of the great disparity which exists between the ratios of sickness among societies established even in adjacent districts." *Thirdly*, Neison urges that there should be a regulation by which every society should have a separate and distinct account kept of the receipts and disbursements made in respect of each benefit or fund. And *fourthly*, he insists that "no member should be allowed to subscribe for a sickness allowance greatly exceeding the average of the benefits allowed to all the members collectively, and never in any instance to subscribe for a sickness allowance which should exceed two-thirds or three-fourths of his usual or average earnings while following his ordinary avocations." "Were these leading principles," he concludes, "strictly observed in the management of Friendly Societies, failure would be next to impossible."

Neison was a strong advocate of Friendly Societies; he has unsparingly exposed in this, as in other works, their defects; but he was one of those who, in spite of all that, have steadily stood up for the independence of these institutions and against State interference, and who anticipate a decided change for the better from the extension of actuarial information, and its practical application to Friendly Societies. "An attentive consideration," he says, "of the history of Friendly Societies will satisfactorily show the wonder is, that with so little information, until quite recently, of the real nature and extent of their liabilities, more of them have not broken down. It has been too much assumed, by even the educated classes, and not a few of those distinguished persons who have identified themselves publicly with the interests of these societies, that at best they were but more pot-house schemes and temporary expedients, as adjuncts to a small parish or congregation, simply calculated to assuage the evils of a day. It has remained for the working classes themselves to demonstrate that their benefit societies are capable of accomplishing much beyond this, and those must be indifferent spectators indeed of the social progress amongst the industrious community, who cannot clearly discern that through one form or other of these institutions, whether in the shape of the ordinary friendly and benefit society,

the Odd Fellow Lodges, Foresters Courts, and Druid Lodges, the Rechabite Tents, and other descriptions of benefit clubs, the hard working, prudential people of this country have already begun to work out in good earnest their own regeneration and independence. These associations are therefore certain, before long, to become engrafted with all the essential elements of stability and permanence which have been pointed out."*

It is unnecessary to subject to closer examination and criticism the several essays of which these "contributions to vital statistics" are composed. We merely refer to them here to show with what variety of research, while partly laying the ground for all subsequent investigations, Neison worked upon this field.

The first essay is an inquiry into the duration of life generally in England and Wales. The second relates to the duration of life in various classes of the population. The data for the portion of the inquiry relating to the Friendly Societies were obtained through the then Registrar, Mr. J. Tidd Pratt, and consisted of the Quinquennial Returns for 1836–1840, made under the Friendly Societies Acts. These returns Neison has worked up for calculating the average duration of sickness, the probability of death, and for various other purposes. His leading classification, which has since been adopted in all similar works, consists of a separate calculation of mortality and the duration of sickness among working men in rural districts, town districts, and city districts; the result he arrives at being that the duration of life in the rural districts is considerably longer than that in city districts, while as regards sickness the difference is not so great. His comparison of the expectation of life in different trades and occupations is also full of interest. In this respect he compares the members of Friendly Societies with the middle classes, who form the *clientèle* of ordinary insurance companies, as well as with the members of the English peerage, and comes to the often-cited conclusion, that although in the Friendly Societies there is no such careful selection of risks as exists in most of the insurance companies for the other classes of society, one of whose objects is to make a profit out of their business, still the duration of life

* Preface, p. xl.

among the members of Friendly Societies is the highest.* On the other hand, he has only as a separate investigation dealt with the expectation of life among a limited number of occupations,—namely, common labourers, painters, clerks, bakers, and miners. Next follow essays on the duration of life in Scotland, the rate of mortality in the medical profession and of master mariners, the mortality of the provident classes in England and on the Continent, the rate of mortality among persons of intemperate habits,† an analytical view of railway accidents, statistics of

* Neison (pp. 40, 41) arrives at the following results:—

Expectation of Life in Years.

Age.	Members of Friendly Societies.	Members of Insurance Companies.	Members of the English Peerage.
20	43·89	39·84	38·47
30	37·22	33·17	30·87
40	30·09	26·06	24·45
50	22·79	19·41	17·92
60	16·23	13·47	12·56
70	10·81	8·34	8·15
80	6·69	4·75	5·08

With regard to these results, Neison makes the following remark: "The blessing thus bestowed on the frugal and industrious workmen of the country composing Friendly Societies, in having granted them, as appears by the present inquiry, a prolonged duration of life, must therefore be regarded as a really true and distinctive feature of that class of persons, and is no doubt the result of their simple and uniform habits of life, and the more regular and natural physical exercises to which they are habituated." This remark, as applied to the higher grades of English industrial workmen, is undoubtedly correct.

† On this point Neison has compiled the following table:—

Age.	Mortality per cent. among the Intemperate.	Mortality per cent. of the Population of England and Wales.
21–30	4·953	0·974
31–40	4·620	1·110
41–50	5·992	1·452
51–60	6·418	2·254
61–70	7·992	4·259
71–80	18 182	9·097
81–90	20·000	19·904

crime in England and Wales, and an essay on the influence of locality on sickness. The work concludes with observations on the rates and contributions of Friendly Societies, together with auxiliary tables, and also a criticism of the actuarial system adopted by the Manchester Unity, which is not only a masterly work, but powerfully stimulated the movement of reform which has taken place inside this order. In a small pamphlet entitled "Observations on Odd Fellows and Friendly Societies," Neison has summed up in a popular form the contents of his larger work, and by means of this pamphlet, which ran through a number of editions, has exercised a great influence.*

Neison's great work gave the impulse to a number of similar labours. Some parliamentary papers were issued by the Government in 1853 and 1854, consisting of the quinquennial returns made by the registered Friendly Societies, in conformity with Act of Parliament for the five years ended 31st December, 1850. These returns, which related to 3,787 societies, and embraced 792,980 years of life, were analyzed by Mr. A. Glen Finlaison, of the National Debt Office, but not very successfully, as is now pretty generally admitted. † Mr. Finlaison divided his material into four classes,—namely, of persons performing heavy and light labour, with and without exposure to weather. But this division led to no results of any practical value, and since, moreover, he laid down a new definition of sickness, which, though correct from an actuarial point of view, was in oppositi the practice of Friendly Societies, his tables were of little use.

* The fourteenth edition of this book was published in 1867. Neison cises in it the old tables of sickness, the untrustworthiness of which he sec prove. With regard to the Highland Society tables, he refers to the experienc of a compositors' society in Edinburgh, showing that the effective duration of sickness exceeded the duration calculated in those tables by about 12 per cent. He insists on the importance of each society collecting its individual experiences and constructing its tables accordingly. Each society has, in his opinion, a "peculiarity in the law of sickness," so that societies apparently conducted under exactly the same circumstances, exhibit different experiences.

† Parl. Papers, No. 955 of 1853, and No. 506 of 1854. The former of these returns contains Mr. Finlaison's calculation. Compare on this subject Neison's "Observations on Odd Fellows," p. 42; Fourth Report of the Commission, p. clxxxii.

Thus he excluded chronic sickness from his calculations, as well as all those cases in which some bodily or mental suffering entailed incapacity for work. But since many Friendly Societies base their practice on this broader definition, and are, therefore, to a larger or smaller extent societies for insurance against disablement, Mr. Finlaison's tables bring out far too low benefit values. Unfortunately, Mr. Finlaison's work was published under the authority of the Government, and thus these, to say the least, unpractical and misleading "Government Tables" became a weapon in the hands of those who combated Government interference in this field.

All admirers of self-help in England point with justifiable pride to the actuarial labours of the Manchester Unity. Seldom has at any rate a private society made such strenuous efforts and submitted to such sacrifices as this Society has done on behalf of working-men's insurance in its country. The Manchester Unity undertook three times in twenty-five years statistical collections, which in extent and soundness surpassed anything that had been done before. These investigations are based on the experience of sickness and mortality among the various lodges, taken out at three different periods, 1846–8, 1856–60, and 1866–70, the first including observations covering 621,561, the second 1,006,272, and the third 1,321,048 risks. These returns in each [illegible] classified by Mr. Ratcliffe, the corresponding secretary [illegible]order, and perhaps the most meritorious servant that the Manchester Unity has ever possessed. The cost of the second [illegible]quiry amounted to £3,500, and that of the third to between [illegible]) and £4,000. Mr. Spry, the historian of the Manchester [illegible]ity, states that Mr. Ratcliffe not only conducted and superintended this investigation, but worked personally for sixteen or seventeen hours a day at its compilation. With such materials, such means, and such laborious energy, it is no wonder that something important was achieved.*

* Mr. Ratcliffe's first two works were entitled, "Observations on the Rate of Mortality and Sickness Existing amongst Friendly Societies," Manchester, 1850; Colchester, 1862. His third work appeared as a "Supplementary Report," 1872. Compare, as to his first work, Neison's "Observations on

Mr. Ratcliffe, in the prosecution of these three great inquiries, the results of which were published in 1850, 1860, and 1872, adopted Mr. Neison's method. His three heads of classification are also rural, town, and city districts. To these he adds statistics of sickness and mortality according to occupations and localities. The second and the third of his inquiries, though more limited in extent than the first, shows a great advance as regards the careful selection and classification of his materials. The practical importance of these labours has been wholly incalculable, and the Report of the Commission in 1874 was right in saying that Mr. Ratcliffe's tables were probably the most valuable that had ever been computed. They have certainly effected, as regards the actuarial basis of Friendly Societies, a complete revolution in the views of the parties immediately concerned, as well as in the practice of English Friendly Societies in general.

Since then the Foresters have instituted a similar investigation respecting the experience of their own Order. They decided in 1878 to appraise statistically the data at their command from 1871 to 1875, and entrusted the younger Mr. Neison with the elaboration of the materials collected. The same classification into rural, town, and city districts was retained, but the idea was altogether renounced of tabulating the experiences with regard to different occupations. The value of this compilation lies in the careful selection of the materials of observation, in the scientific correction of the results obtained, and in the admirable construction of the thirty-one tables, which enable the various societies of the Order to prepare tables of premiums applicable to their different objects. Although Neison calculates a portion of these tables on the supposition of receiving $3\frac{1}{2}$ and 4 per cent. interest on the fund, he has done good service in urgently warning societies not to base their calculations on a higher rate of interest than 3 per cent., a requirement which no doubt tends to increase the contributions, but at the same time, in the present state of interest in England, as we shall examine later more in detail, is indispensable.*

Odd Fellows and Friendly Societies," pp. 24, 25; Fourth Report of the Commission, p. clxxxii.; and Hasbach *ut supra*, pp. 265, 384.

* The work of the younger Mr. Neison is entitled, "The Rates of Mortality

From the above brief summary of the principal works on English working-men's insurance, it appears clear that the literature on this subject points exclusively in the direction of ordinary insurance business. The tendency of the entire litera-

and Sickness, according to the Experience for the Five Years, 1871–1875, of the Ancient Order of the Foresters' Friendly Society," by Francis G. P. Neison, London, 1882. The following is a short sketch of the contents of the book:—

The extent of the statistical investigations comprised in this work is indicated by its title. All the lodges or courts of the Order, being nearly 4,000 in number, were requested to send in tabulated reports, stating each member's occupation, age of admission, duration of sickness, and date of death. Altogether 2,577 of these reports were made use of. The data contained in them were separately arranged and then carefully compiled. The entire work was conducted, in conjunction with Mr. Neison, by the permanent secretary of the order, Mr. Shawcross, and his son, and required, as would be expected, the establishment of a separate office to tabulate and work up the figures, as well as a controlling staff to insure the correct compilation of the whole work. The materials would have allowed of taking the different occupations of the members as a basis of compilation, and thus instituting an interesting comparison in this respect. But it was finally decided to adhere to Mr. Ratcliffe's division into rural, town, and city districts, the towns being taken to contain from 5,000 to 30,000, and the cities upwards of 30,000 inhabitants.

In this way a table was first prepared which fixed the experiences acquired. It contained the rates of mortality and sickness among all members, arranged in three categories, according to age (extending from 18 to 103), necessitating a large number of columns, since only a portion of the members in question belonged to the various societies throughout the whole of the five years under review, and a more considerable portion formed a fluctuating element. From this first table a second one was worked out, which, by reducing these elements to units, enabled an accurate observation of risks, and exhibited the rates of mortality and sickness at each year of life, according to the three categories above-mentioned. The number of risks thus observed during the five years in question was 1,302,166.

This statistical material was now improved upon and elaborated by Mr. Neison, the result being the figures which represent his finally revised tables of sickness and mortality. Mr. Neison has turned his materials to account in two ways in particular. First, he calculates the effect produced on the liabilities of the lodges by the secessions, retirements, and exclusions of members, but warns the Societies not to overrate this element in the calculation of premiums (in the five years under observation no less than 57,967 members had seceded, retired, or were excluded). Secondly, he calculates the effect produced on the total calculation by the lowering of benefits after a long duration of sickness. The Foresters, for instance, reduce their sick benefit, in cases of prolonged sickness, to one-half, and afterwards to a quarter of the original allowance, but continue to pay this reduced allowance

ture occupied with this question is to curtail, as much as possible, the system of levies or rates, and to substitute for it a rational system of premiums; in a word, to place friendly society insurance on the same basis as that on which the insurance companies for the upper classes have long been constructed. The actuarial system of the latter institutions has been a model for that of the friendly societies, just as the general insurance literature has been the guide for the special insurance literature dealing with those Societies.

This special literature has exercised a twofold influence on friendly society reform. In the first place, it is this literature

in case of chronic illness or incapacity for work, so that the sick benefit becomes in this way a provision against infirmity.

In treating of the rate of interest, which forms the basis of all calculations as to premiums, Mr. Neison rightly advocates a rate of 3 per cent., and is of opinion that at present a higher percentage can only be obtained in England in exceptional cases. Investments which a few years ago brought in from 4 to 4½ per cent., now return only 3¾ or 4. Any surplus realised by a society by means of better investments, Mr. Neison would transfer, and rightly, to a special reserve fund, leaving the calculation of premiums based on a rate of 3, or, at the highest, 3½ per cent.

The first table contains the present value of an annuity of £1 for each year of life, from 18 to 79, payable either for life or determinable, or commencing at the respective ages of 60, 65, and 70.

The second table contains the present value, at each year of life from 18 to 79, of a death insurance of £1. Besides calculating the corresponding premiums to be paid once for all, the table shows the amounts payable, if the premiums take the shape of annual contributions.

The third table gives a calculation of the premiums payable in one sum, or by years, months, or weeks, according to the age of the person insuring, in order to secure a sick allowance of £1 a week. This table takes into consideration the lowering of the allowance in the case of prolonged sickness or infirmity.

The fourth table calculates in a similar manner the premiums for a deferred annuity of 2*s.* a week.

The fifth table calculates the premiums payable for annuities and lump sums insured for by married persons.

The further tables are repetitions of the five preceding ones, based on a calculation of 3½ and 4 per cent. interest on the capital, taking into account secessions and retirements, etc.

These tables enable the various societies of the Foresters to construct reliable scales of contributions, according to their several requirements, and based on the collective experiences of the Order.

which explains the fundamental and indispensable principles of actuarial science respecting the probability of life and death, the average duration of sickness, the tables of sickness and mortality, and, further, the influence of age and occupation, the effect and calculation of the rate of interest in regard to the contributions of members, the calculation of premiums, and so forth; and which has impressed on the managers of the various societies the scientific distinction between insurances for life, sickness, and old age. The knowledge of all this has at the same time spread the conviction of the absolute necessity of changing the formless benefit societies into properly regulated unions for insurance. Secondly, and this is quite as great a service, this literature has supplied the practical means of completing this transition, inasmuch as all the works we have referred to contain tables, based on carefully worked-out material, which enable at once the calculation of reliable premiums.

Intimately as these works connect theory and practice, in a manner characteristic of English culture, this union has been still more closely cemented by those numerous men who, in their restless labours on behalf of working-men's insurance, by the combination of theoretical knowledge and practical experience, have decisively guided the progress already made in this respect; whether as statisticians or actuaries, or, as has more frequently been the case, as founders or managers of Friendly Societies who, by patient and gradual study, have raised their practical knowledge to the level of a science. All these fellow-workers have enriched theory by experience, and in striving, at the same time, by means of theory to improve the general and actuarial management of Friendly Societies, they have happily succeeded in combining these two sources of accurate knowledge. It is equally characteristic of Englishmen, that all these men, many of them belonging to the upper classes of society and the clergy, have devoted themselves to the care of Friendly Societies, not in any official capacity but from a purely social impulse, and have thus become the centres of the whole movement of reform. Such a man, as we have seen already, was Mr. Ratcliffe. So, also, at an earlier period, the Rev. Mr. Becher was not only a theoretical critic of Dr. Price's tables of premiums, but was himself the founder, in

1823, of a Friendly Society in Southwell, which was a pattern of its kind. So, again, Mr. Sotheron-Estcourt was not only an indefatigable advocate in Parliament of rational legislation in Friendly Society matters, and, in particular, the promoter of the Acts of 1850 and 1855, but was also for many years the soul of one of the best Friendly Societies in England, the "Wiltshire Friendly Society," and to this day is its president. So, also, the Hon. and Rev. Mr. Best was not only the inventor of a Friendly Society system of his own, but the manager of the model institution of this kind, the "Abbot's Anne Provident Society." Mr. Hardwick, similarly, is not only a copious author, the compiler of an admirable manual on Friendly Societies, but was for many years the manager of a large district of the Manchester Unity. These are only a few names, as instances; but any one who studies the question of working-men's insurance in England, will be astonished to find how numerous is the class of voluntary, highly-educated, and indefatigable labourers in this field.

These men are also the representatives of that part of the literature under notice, which we have already characterised by remarking that it undertakes to compile for practical application the results of strictly scientific investigations. The numerous publications, which have been written with this object, are not remarkable for any great originality; on the contrary, one follows the other, but they understand admirably how to keep the attention and the practical activity of their readers constantly directed to those decisive points which are indispensable conditions of progress. Untiringly do they supply the societies with convenient tables of contributions, untiringly do they insist on the necessity of preparing proper balance-sheets. They show how such balance-sheets must be prepared; and demonstrate the vital importance of dealing separately with the various branches of insurance. Recently the leading subject of discussion has been the constitution of one of the more difficult of these branches, namely, the provision for widows and orphans as well as for old age. This kind of literature is a working *en masse* of parallel forces. It would be quite impossible, and also unnecessary, to describe it. A few specimens will suffice. The form of these publications is mostly that of pamphlets or of articles in some periodical, but much

useful information has also been given bookwise. Thus the elder Mr. Tidd Pratt, the father of the first Registrar of Friendly Societies, wrote a book on the law of these societies, as determined by Act of Parliament, which reached four editions. His son, the late Registrar, continued this work from 1850 to 1867, in seven new editions, and since his death three more editions have been published by Mr. E. W. Brabrook. No learned commentary, in the continental sense of the term, it is a simple but useful statement of the law.* A model of practical exposition as regards the proper bases of the mathematical and actuarial calculations for insurance, on which a good Friendly Society must be constructed, is Mr. Hardwick's "Manual for Patrons and Members of Friendly Societies"; a small book, containing a mass of practical wisdom in an unpretentious form † To these should be added a book, published by Mr. James Barnes, the Secretary of one of the Foresters' courts, which is based on the tables compiled by Neison. Taking his stand on the rules of the Foresters' Order, he calculates, on the footing of a 3 per cent. rate of interest on the contributions, all the tables of premiums necessary for the objects of the various lodges of the Order. In a very valuable appendix, the author seeks to make a valuation of actual assets and liabilities so clear, by means of examples, that any secretary of a lodge, only partially acquainted with accounts, may prepare a similar one correctly.‡ The younger Neison has recently published a book, in which he treats lucidly and intelligibly of the

* "The Law of Friendly Societies and Industrial and Provident Societies, with the Acts, Observations thereon, Forms or Rules, etc., Reports of leading cases at length, and a copious Index." Tenth Edition, by Edward William Brabrook. London, 1881.

† "The History, Present Position, and Social Importance of Friendly Societies," by Charles Hardwick. The author indicates his object by explaining the title as follows: "A popular exposition of the financial laws necessary to insure future stability, and the method of ascertaining the true value of the assets and liabilities; a refutation of several popular objections; suggestions for the equitable adjustment of past error and for future development and expansion."

‡ "Monetary Tables, Compiled from the Rates of Mortality and Sickness of the Ancient Order of Foresters' Friendly Societies," by James Barnes, Secretary of Court 5968; Leeds, 1884.

question of valuation.* Numerous also and instructive are the articles which have appeared in the "Transactions of the National Association for the Promotion of Social Science," and in the *Journal of the Statistical Society*, as well as in the monthly and quarterly periodicals, and which deal with various sides of the Friendly Society system. They form the true materials for judging the present condition of this system, since they have depicted most faithfully the defects, the proposals of improvement, and the success of Friendly Societies, no doubt frequently in an optimist spirit; but, on the other hand, with dispassionateness and frankness. A rich fund of statistical information is supplied further by the annual reports which almost every Friendly Society prints and circulates among its members, but which are easily accessible to the public, and a large number of which we have been able to utilise in describing the various kinds of Friendly Societies. These annual reports which, in the case of the larger Societies, swell into regular volumes, contain, in addition to the statement of accounts, a mass of the most instructive information as to the development, condition, and tendency of the Society concerned; and in addition to this, the larger Orders give Directories of their Orders.

To the above publications must by added a number of occasional pamphlets and prize-essays, and, lastly, those periodicals which are devoted specially to the affairs of Friendly Societies. To the latter belong the periodicals issued by the larger Orders; as, also, the *Friendly Society Journal*, published at Leeds, and dealing with the general interests of these Societies; the *Provident*, published at Wigan, which is the chief organ of the Miners' Societies, and several others. That the English daily press also contains a mass of scattered but valuable material relating to Friendly Societies is notorious to any one who knows with what intense interest all the English newspapers of the present day occupy themselves with social questions.

A third group of this Friendly Society literature consists of the various Blue Books presented to Parliament. Foremost among these are the proceedings of the Royal Commissioners in 1871–74,

* "Observations on the Efficient Valuation of Friendly Societies," by Francis G. P. Neison, London, 1885.

whose report gives an equally exhaustive and impartial account of the then condition of Friendly Societies. To this must be added the annual reports of the Chief Registrar on the registered Friendly Societies, as well as the statistical publications issued from his office. We shall constantly have occasion to revert to these authorities in the following pages.*

It will be appropriate here to mention a scientific body which is of great importance to the development of Friendly Societies. We refer to the Institute of Actuaries of Great Britain and

* The Reports of this Commission to inquire into Friendly and Benefit Building Societies, which was first appointed on 27th October, 1870, and reappointed on 17th August, 1871, constitute such important sources of information for the study of English working-men's insurance, that we must refer to them here more particularly. The Commission was composed of the late Earl of Iddesleigh (then Sir Stafford Northcote), as chairman, together with Sir Michael Hicks-Beach, Sir Sydney Waterlow, Mr. Bonham-Carter, Mr. Evan Richards, Mr. Roundell, Mr. Bircham, and Mr. Pattison. Their secretary was the present Chief Registrar, Mr. J. M. Ludlow.

Their first report appeared in 1871, and contained the evidence of sixty-six witnesses, representing 8,342 questions and answers. The second report was published in 1872, in three parts. The first part contains, in 105 pages, the elaboration of the materials as to Building Societies collected in the first report, together with the separate reports of particular members of the Commission. The second part contains 130 examinations, taken in London, Edinburgh, Glasgow, Belfast, Dublin, Cork, Manchester, and Liverpool, being an impartial selection of witnesses representing the utmost variety of opinions on Friendly Societies. Part three consists of an admirably compiled index to the preceding.

The third report appeared in 1873, and contained the examinations of thirty more witnesses on the affairs of Friendly Societies.

The total number of questions asked and answered was no less than 28,714.

The merit of having drafted the admirable report on the whole of the materials thus collected belongs to the present Chief Registrar, Mr. J. M. Ludlow. This is the Fourth Report of the Commission, Part 1. of which appeared in 1874. It contains, in addition to the exhaustive summary of the results of the Commissioners' inquiries, additional separate reports by certain of the Commissioners, and an Appendix full of valuable information as to the historical development of Friendly Societies, and their relations to the Poor Law and the State. Part II. contains a further Appendix, consisting of returns from Boards of Guardians, a report, etc., on Burial Societies, and rules of various Friendly Societies in England and Wales. Besides the above, there are the Reports of the Assistant Commissioners, in particular, those of the Hon. E. Lyulph Stanley and Sir George Young.

Ireland, established in London in 1848, as well as the Faculty of Actuaries in Scotland, established at Edinburgh in 1856. The general object of these societies is to promote the mathematical study of insurance, to facilitate the application and improvement of scientific methods in insurance calculations, and to further the interests as well of the ordinary insurance companies as of Friendly Societies, and in so doing to devote their attention also to questions of the rate of interest. The Institute in London publishes statistical data and tables of premiums, and has long done valuable service in this respect through the *Journal of the Institute of Actuaries and Assurance Magazine*, which has been published for thirty-three years. It seeks further, by means of lectures and examinations, to promote the training of qualified actuaries, and to create a class of scientific experts, who are able to render valuable service to insurance institutions, and, in particular, to prepare trustworthy valuations.

Since the Act of 1870, relating to Life Assurance Companies, and the Friendly Societies Act of 1875, have imposed on actuaries responsible functions with reference to the examination of the financial condition of these societies, the importance of this Institute has materially increased. The more generally the Friendly Societies complete the transition from the system of levies to that of graduated contributions, the more important it becomes that this Institute should be training a class of thoroughly trustworthy actuaries, who are able to compile tables as well as to investigate the financial position of a Friendly Society. In this respect the want has been sensibly felt, that persons who devote themselves to this business should acquire and testify their fitness by attending a course of lectures and passing a scientific examination. This want the Institute of Actuaries seeks to supply. In 1884 it obtained its incorporation by Royal Charter, taking in as fellows the members of the Actuaries' Club, of older date but constituted for the same objects, regulated its management under the direction of a president and vice-president and a newly chosen council, with fellows, associates, students, honorary members and corresponding members, and now forms a recognised faculty of the science of insurance.

At the instance of this Institute, Mr. W. Sutton, the Actuary

to the Registry of Friendly Societies, has written the first part of a text-book of the principles of insurance,* which is remarkable for its neatness and accuracy.

(B) *Insurance System.*

We turn now to the insurance business of the Friendly Societies, which has grown up and been perfected by degrees. In doing so we shall notice, first of all, the contrast between the levy system, once generally prevailing in these societies, and the premium system, which they have already either accepted or are striving to adopt. We shall consider further the circumstances that facilitate the difficult transition from the one system to the other; and, lastly, we shall show on what kind of actuarial basis the new organization of Friendly Societies rests, and what sort of control has been instituted to direct it aright and keep it in the proper path.

A Friendly Society, founded on principles of mutuality, must show sufficient means every year to cover the benefits falling due within that period, which it has promised to its members, and also to defray the cost of management. The payments it has to make are of two kinds—either lump sums or periodical allowances. The main item in the first category, as regards the working-men's insurance societies, is the payment of a burial allowance, or of a gross sum insured in case of the death of a member, or the survival to a certain age of a child or other person, the amount of which is limited by the Friendly Society Act of 1875 to £200; while to the second category belong the sick benefits, payable in most cases weekly, and eventually those for old age, as well as others of a temporary kind. Thus the burial allowance is the type of the first, and the sick allowance the type of the second class of obligations incurred by Friendly Societies towards their members. In the remarks that we propose to make we shall confine ourselves, in the first place, to these two objects of insurance; they form, together

* "Institute of Actuaries' Text-book of the Principles of Interest, Life Annuities, and Assurances, and their Practical Application. Part I." By William Sutton, Actuary to the Registry of Friendly Societies. London, 1882. [Part II. of this work, by another author, has recently been published by the Institute of Actuaries.]

with accident insurance, which in England is generally included in the sick insurance, the staple and substance of working-men's insurance in England at the present day. It is on this ground that the process of transition from the old levy system to the new premium system is being accomplished, while for certain other objects of insurance the old system not only still exists, but will in the nature of things continue to exist along with the new system in the future. We shall revert to this point later on.

In itself it would be possible, no doubt, that the society should collect annually, either by levies or subscriptions distributed among the members, the amount required to discharge its obligations in the shape of benefits falling due within the year; though even then a certain reserve fund is always indispensable to meet unforeseen contingencies and extraordinary demands. In former years the Friendly Societies, almost without exception, conducted their business on this basis; it was done either in the primitive form of levies, the requirements of the year being provided for by the members, share and share alike, or in the more developed form of annual fixed subscriptions, calculated according to a certain show of probabilities, and with a view to the accumulation of a larger reserve fund. Nevertheless, all these subscriptions were not actual premiums, in the sense of ordinary insurance, but in reality mere levies, since the balance-sheet showed simply a statement of receipts and expenditure, without reckoning the liabilities incurred by the society on account of current and proximate risks.

We must first of all explain the conditions on which the system of levies depends. Foremost of these is the effect produced on the obligations of a Friendly Society by the difference of age among its members.

It need scarcely be said that the claims on these societies are out of all proportion much larger in the case of their older, than in that of their younger members, in regard not only to death, but also to sickness. If, then, the rate or levy which is intended to cover the current obligations of the society is distributed equally among all the members, it is evident that the younger members must pay a contribution disproportionately greater than the expenses they occasion to the society; and that this state of things, the higher

we ascend the scale of age, leads to the opposite anomaly, that the oldest members pay the least in proportion to their benefits. This system can only be defended or maintained on one condition. If it is possible in any way to create permanent societies, containing a constant succession of members, approximately equal in age, equally healthy and equally able to pay, then the surplus accruing from the younger classes of members will always supply the means of covering the expenditure occasioned by the older ones, and the arrangement as a whole will have no unfairness in it, since, although the younger members pay to-day for the older ones, they are sure, on the other hand, of being similarly paid for in future by the next generation. If, therefore, it is feasible, by means of a regular influx of young and healthy persons in the place of the members who die off, to maintain a balance between the obligations and contributions, then the only need of a reserve fund will be to enable the society to adjust occasional oscillations, or to meet exceptional demands.

The history of English Friendly Societies has amply shown, if indeed any further proof were needed, that this levy system, in conjunction with the principle of voluntary membership, is an impossibility. We have already more than once referred to the melancholy results which have arisen from the false confidence excited in this respect by the Friendly Societies. The necessary replacement of old and deceased members by younger ones, the permanent succession which formed the condition of stability, was, in spite of all the efforts made by these societies, never regularly secured, owing to the fluctuations in the number of recruits, and to the conviction that speedily gained ground, that equal levies or equal subscriptions involved injustice to the younger members. The practical eye of the Englishman detected at an early period the weak point of the system, and the direction the reform would take could not be doubtful for a moment. As to bolstering up the old levy system by making membership compulsory, such a question was never mooted in England; but on the other hand, the hope that the societies themselves would succeed in maintaining the necessary equilibrium, proved delusive, and thus the way was prepared for what has practically been the course of development—namely, a gradual transition to the cover-

ing of liabilities by means of reserves; in other words, remodelling the societies after the principles of ordinary insurance business.

In this way the English Friendly Societies have been for some decades in a stage of transition, which though still far from completed, is already well advanced. The first steps in the direction of the new reserve or premium system were feeble and tentative. The contributions were not only fixed on the authority of imperfect tables of sickness and mortality, but also suffered from the defect that they were levied in equal amount from all classes of age and risks, and, generally speaking, were fixed too low in comparison with the promised benefits. The progress of reform was very slow, and there was a time when those who had had most experience of these institutions looked forward to the future with despair. On different sides it was declared, about the middle of this century, that the large majority of these societies were bankrupt. The elder Mr. Neison said this of the lodges of the Manchester Unity; the late Registrar, Mr. Tidd Pratt, said the same of many Friendly Societies. The remark was repeated in Parliament; and in the House of Lords one speaker went so far as to assert that out of the 20,000 Friendly Societies then existing, not twenty were solvent. From the standpoint of the strict system of covering reserves, this opinion was for the most part only too well founded; but since insolvency, in this sense, did not yet mean immediate inability to pay, the societies had still time left them to improve their financial basis. Nevertheless, the largest portion of all the Friendly Societies would have collapsed, and most of them broken up, had not a series of circumstances combined to keep them above water.

In the first place, the conviction, gradually forced on the societies, that it would be impossible to go on permanently with c levies and approximate subscriptions, made them take pair accumulate larger reserve funds, which in many cases acted prop until the old fabric could be replaced by a more struction.

Again, the growth of English manufacturing industry in the course of the present century occasioned a large influx of young and vigorous persons into the manufacturing centres; and if this

influx supplied to a large extent the materials for establishing new Friendly Societies, it nevertheless proved a boon to many of the older ones, who thus filled their ranks with valuable recruits, and acquired support by their means.

In addition to this came the rise in wages, which enabled the societies either to increase by degrees their premiums, originally fixed too low, or to meet losses by extraordinary levies. Of equal and, in many cases, of decisive importance was the participation of the upper and middle classes in these societies. Landlords, clergymen, and large employers took part from the beginning in the foundation and management of English Friendly Societies, and supported them by their action and advice. If a society, in which any leading man of the locality or town was interested, got into difficulties, he assisted it in one way or another. Many societies show long lists of honorary members belonging to these classes, whose subscriptions range from 10*s.* to £5 a year. Not less important in this respect is the participation of the lower middle classes as actual, *bonâ fide* members. Though entitled to the benefits of the society, this class of members, consisting of small shopkeepers, well-to-do tradesmen, better-paid shop assistants, and so forth, take pride in making no use, as occasion arises, of their right to relief, thus benefiting the society in the management of which most of them take an active part. Dr. Hasbach quotes a statement of the Grand Master of the Manchester Unity, that in this order, which has a strong admixture of the lower middle class element, no less than 15 to 20 per cent. of the members do not claim their benefits.* If a society has been "hit" by some particular accident, a collection is started, and the ever-flowing stream of English benevolence supplies the deficit. In this way many societies have been tided over their difficulties.

entire Friendly Society system, in fact, was the outcome,
the first, of an active spirit of brotherhood, which was often
to make up, by the willing self-sacrifice of the members,
wanting as regards financial management.

cannot, however, here conceal the fact that the Friendly Societies have profited by a circumstance which, in itself, must be

* Hasbach *ut supra*, p. 205.

regarded as a bad feature of the whole system. We mean the secessions. Apart from the local and more exclusive societies, a fluctuation of membership is taking place even now in all the others, and was very marked in the past, especially in the case of the large affiliated Orders. The cause and effect of this phenomenon are equally remarkable. As regards the former, it consists, in the first place, in the fluctuations of the working population in general, as well as in the oscillations of wages and employment; though it must not be overlooked that the very movement of reform inside the Friendly Societies themselves has occasioned many secessions, and that, in the large Orders in particular, the innovations as to tables of premiums and management frequently impelled whole lodges to quit the Order, and caused a number of members to retire from those lodges which remained true to it. The effect, however, of these secessions was a financial gain to the societies, who got rid of their outgoing members by reimbursing a small portion, if any, of their contributions. In this way many societies were saved from an otherwise inevitable collapse, while others were given the possibility of carrying out an improvement of their system of premiums with their reduced number of members.*

Lastly, we must observe here that the Government before 1844 paid interest on the deposits of registered Friendly Societies with the National Debt Commissioners at the rate of more than $4\frac{1}{2}$ per cent.; that is to say, at a rate above the market rate of interest, and thus gave them substantial support.

Speaking generally, it cannot be denied that the Friendly Societies have availed themselves of all these circumstances to better their method of insurance, to introduce a rational management, and to make suitable provision for the various benefits they promised.

What, then, is the method of insurance to which they are gradu-

* In 1834 the Manchester Unity numbered about 60,000 members; in 1846 the number had risen to 251,727. During this period, however, the first secession took place; so that, for example, in 1844, although there was a net gain of 21,461 members, it was the result of 40,000 new members joining, as against 20,000 old members who left the Order. Compare "Observations on Odd Fellows," p. 25; Hardwick's "Manual," p. 51; and Second Report, Q. 17, p. 278 *sqq*.

ally approximating, and which has become the recognised aim of all their endeavours?

The rate or levy system, in its ruder as well as in its more perfect form, tries to cover the current exigencies of the society, which, according to experience, move within certain limits. The reserve or premium system, on the contrary, starts with the valuation of contingent liabilities, reduces these liabilities to the value which they represent at the time they were incurred, and fixes the contributions in the same manner; by which means the present value of prospective contributions—apart from certain additions for the costs of management and for the reserve fund—must be equivalent to the present value of the obligations. This arrangement necessitates a structure built up of statistical data and calculations of probability and the rate of interest. With regard to the particular individual, it is impossible, of course, to ascertain beforehand the day of his death, or the duration of a possible illness. But if all these data are observed among a large number of men living under the same general conditions, the observations thus made will supply an average figure which—irrespective of other influences, represents an average probability of death or duration of sickness for each individual of a particular class of age. This is the origin of those tables of sickness and mortality from which a society can ascertain what kind of obligations it incurs. These tables thus determine the average liability of the society. On this basis it can be calculated, further, how much a member has to pay, either as one payment or as a current subscription, in order to insure a certain sum of money receivable after his death, or an annuity in case of his sickness or incapacity to work. This calculation is always made on the footing of compound interest. If, again, it is a question of life insurance, it is possible, having ascertained the length of time from the member's admission to the period of his probable death, according to the tables of mortality, to calculate the amount he has to pay on joining the society, so that the total interest and compound interest together, accruing at the probable date of his death, shall suffice to cover the promised benefit. In place of one payment, the premiums can be paid in the form of yearly, monthly, or weekly subscriptions. In the case of sick insurance the pro-

cedure is practically the same. The tables of sickness enable the society to ascertain the extent of its engagements to each individual member of a particular class of age, and to calculate, as in the case of life insurance, how much the member has to pay, either in a single sum or as continuous premiums, to make his payment or payments cover the liabilities incurred; in other words, the benefits promised during sickness or disablement. The calculation of liabilities involves a corresponding calculation of assets. If then a table is constructed showing those premiums payable, either at one time, or as yearly, monthly, or weekly subscriptions, by a member of each successive class of age, in order to insure either a capital sum in the event of death, or a certain annuity, usually payable weekly, in the event of sickness or disablement, a graduated rate of contributions is obtained, which enables the society to conduct its insurance on the principles of the premium system.

Such are the fundamental features of this system, omitting all accessory conditions and details.

We proceed now to consider more closely these component elements of Friendly Society insurance. We must eliminate, however, at present some conditions of insurance, and postpone them until we come to deal with the question of management, with which they are eminently connected. We refer to the expenses of management and the investment of the reserve fund. Both of these questions, from the extent to which they determine the amount of the premiums, are among the most important elements of all insurance, and particularly of working-men's insurance, the extension of which depends directly on the possibility of paying the necessary contributions, even when wages are not at the highest.

So far as the English Friendly Societies have either already completed, or are in course of completing, the transition to the new reserve system, their management of insurance turns substantially, according to the above remarks, on two points. The premiums are computed from certain tables of sickness and mortality, in order to cover the Society's liabilities according to the requirements of private insurance, and from time to time valuations are instituted —they are now made compulsory by law on all registered societies

—for the purpose of ascertaining how far the calculation is borne out by facts. The result of this control possibly gives an impetus again to changes and improvements as regards both the rate of contributions and benefits, or in the general management of the Society. Calculation and control are thus mutually interlinked. We will examine each of these points more in detail.

1. The liabilities of the Friendly Society, resulting from the laws of probability, form, as we have seen, the basis of the entire premium system. The first duty, therefore, of every Society is to adjust the premiums and entrance fees according to the liabilities incurred. In doing this, a cardinal question is the age of the member at admission. This is the decisive point for a system of insurance which depends, on the one hand, on the maintenance of reserves, and, on the other, on the voluntary accession of members. We have, therefore, identified with this premium system the requirement of graduated premiums, which is its necessary outcome and condition.*

* We will give but one example. From the younger Neison's work already referred to, containing the experience of the Foresters from 1871 to 1875, it appears that the duration of sickness for a person between 20 and 70 amounts on an average to 884 days. This duration, however, differs greatly in the various decenniums of these 50 years, being as follows: Between 20 and 30 years of age, 59 days; between 30 and 40 years, 74 days; between 40 and 50 years, 109 days; between 50 and 60 years, 194 days; and between 60 and 70 years, 448 days ("Rates of Mortality and Sickness," p. 59).

From these figures it appears that the number of days of sickness between 20 and 60 does not amount to even one-half of the total, more than half belonging to the period between 60 and 70. These results are of decisive importance in favour of separating old age from sick insurance. But these figures, which correspond with the experience of the large working-men's insurance societies in England, throw a light also on the nature and extent of sick insurance in England. The well-known German actuary, Professor Dr. Karl Heim, has published in a small, but thoroughly scientific work ("*Anzahl und Dauer der Krankheiten in gemischter Bevölkerung. Fünfundzwanzig Jahre Erfahrungen der Versicherungsgesellschaft Gegenseitigkeit zu Leipzig*," 2nd edition, Leipzig, 1884), the results of his observations, which we will compare with those of the Foresters. According to Dr. Heim, the yearly average duration of sickness, taken from the lives he observed, which ranged from 15 to 79, amounted to 6·99 days; in other words, each of the persons averaged drew sick allowance for a period of about 7 days a year. The Foresters' data give a much higher figure, being a corresponding average of more than 17 days for each of the fifty years between the ages of 20 and 70, the total days of sickness of the lives observed within that period

It is intelligible, therefore, that the reformers of Friendly Societies should insist, above all, that these societies should conduct their insurances on the basis only of tables graduated according to the age of the member at admission, thus seeking to establish what is the primary and indispensable condition of private insurance. Ever since the first compilation of tables of sickness and mortality, the necessity of introducing graduated premiums has again and again been urged upon the Friendly Societies. Sir F. M. Eden, to whose excellent work on the poor we have already referred, insists strongly on this point in his "Observations on Friendly Societies," published in 1801. The Select Committee of the House of Commons in 1827, whose investigations turned almost entirely on the matter of tables, put this question in the foreground of their report; all theorists, and all men of practical insight, whose number has rapidly increased, especially since the publications of the Manchester Unity and the Foresters, have advocated with success the introduction of graduated tables of premiums; and yet even the Report of the Commission in 1874 complains that many Friendly Societies still adhered to the false system of levying the same amount of subscriptions from all members alike, and states that very few of these Societies, if any, which charge uniform premiums are solvent.*

being 884. This higher average, however, gives a remarkable proof of the wholly different and much larger extent of the sick benefits insured by the Friendly Societies in England. In the next place, it must always be remembered that sick insurance includes insurance against accidents. And further, as we have already observed, the definition of sickness, as adopted in all the statistical investigations and practice of English Friendly Societies, is a broader one than that adopted on the Continent, inasmuch as these societies in England pay allowances, though on a smaller scale, during chronic illness, including therefore permanent incapacity for work, and thus insure, to some extent, against disablement. And lastly, this higher average is largely due to the fact that the English Friendly Societies, and especially the branches of the large orders, are extremely liberal in their selection of lives, being not only insurance societies, but social institutions. These circumstances suffice to explain the large average of 16 days sickness a year, though of course it necessitates higher contributions. No doubt this practice of the English Friendly Societies, which differs from that of insurance companies, entails certain difficulties, but, on the other hand, it must be admitted that it has social advantages of extreme importance.

* The Fourth Report of the Commission (p. clxxix. *sqq.*) gives the following as the main causes of the widespread insolvency of Friendly Societies:—

A series of circumstances have combined to check progress in this direction. For a long time there existed an inveterate pre-

1. The inadequacy, mainly owing to competition, of the rates of premium for the benefits promised.
2. The erroneous system, still adhered to by many societies, of charging uniform premiums, without regard to the age of the member joining.
3. The want of any general knowledge of the conditions and data of insurance.
4. The neglect to consider the various classes of risks.

As a sample of the inadequacy of the contributions at that time, even in the lodges of the Manchester Unity, the Commissioners quote from the Report of their directors for 1872 the following information, which we subjoin in a tabular form, showing the differences between the various lodges:—

Lodge.	Yearly Contribution.	Benefits Promised.		Number of Members in Lodge.	Balance on Valuation.
		Sickness Money.	Burial Money.		
A	£1 1*s.* 8*d.*	10*s.* a week during the first 12 months; 5*s.* a week during the second 12 months; 3*s.* a week during sickness after continuous sickness of 2 years.	£10 at death of member, and £5 at death of member's first wife.	151	£2,120
B	17*s.* 4*d.*	Same as Lodge A, years' sickness the instead of	except that after 2 allowance is 3*s.* 6*d.* 3*s.* a week.	228	£2,725
C	17*s.* 4*d.* (and some members 19*s.* 6*d.*)	10*s.* a week during the first 12 months; and 5*s.* a week during the remainder of the sickness after 12 months.	£10 at the death of a member; £10 at the death of an old member's first wife; £5 at the death of a second wife; and £5 at the death of a new member's wife.	218	£2,527
D	£1 1*s.* 8*d.*	12*s.* 6*d.* a week during the first 12 months, and 6*s.* 3*d.* during the remainder of the sickness	£12 at the death of a member, and £8 at the death of a member's wife.	433	£3,085

"The rates of one society," says the Report, "are frequently copied from those

judice against graduated premiums, which in some degree was intelligible, when it is remembered how little reliance could be placed on the first tables of sickness and mortality.* To the unwholesome competition of the societies we have already several times referred. This competition was here also a serious hindrance to progress, since one society sought to underbid the other in its rates, and to overbid it in its benefits. Besides this, there was the difficulty necessarily entailed on the book-keeping and general management of the society by having to deal with graduated tables of premiums. The societies in earlier days had seldom men at their command who had been trained to this difficult task of administration; and although they had long perceived how different in kind was the liability incurred towards members of different ages, still they preferred, instead of introducing graduated tables of premiums, to adopt other expedients, such as levying, for example, higher entrance fees, or additional payments from members who join at an advanced age.†

of another without any reference to the amount of sickness which the tables provide for. Society A use a certain table of premiums; Society B says, 'We will try a little lower'; or if the new society is established in a different place, 'We will charge the same as Society A.' Very seldom is any estimate made of the probable amount of sickness, or whether the premiums proposed to be charged will provide the promised benefits. It sometimes happens that tables based upon data wholly inapplicable are used. For instance, the tables prepared by Mr. Finlaison do not provide for benefit during chronic sickness, whereas the rules of most societies allow benefit at a reduced rate during such sickness. It is clear that to use these premiums without adopting the rule limiting the benefit must be hazardous."

* "Observations on Odd Fellows," p. 14. In the Second Report of the Commission, Part II., Q. 19,762, Mr. C. S. Nicholson, Secretary of the Association of Friendly Societies in Manchester, states as follows, in reply to a question as to the general adoption of graduated tables of premiums:—

"My individual opinion is that if such a step could be carried out by legislative enactment it would work a great reform in the management of Friendly Societies. There is certainly a prejudice prevailing amongst the majority of branches connected with the different Friendly Societies against the graduated scale; but that prejudice is being gradually removed, and the more intelligent of the members of Friendly Societies are decidedly in favour of its adoption, as the only sound principle upon which the contributions of the members of Friendly Societies can be regulated."

† The reason why many of the Friendly Societies resolved not to discontinue the practice of charging the same rate for all members was that it made the book-

Recently, however, marked progress has been made. The large Orders are exercising the greatest influence in the adoption of graduated premiums, and most of them make their adoption the condition of opening a new branch; a demand which these Orders have only been able during the last few decades to insist upon, since they have supplied the branches with the necessary material, by means of their statistical investigations and the compilation of graduated tables of contributions. It would be unfair, however, to assert that this progress is confined to the large Orders, many isolated societies also having turned to good account the means supplied to them by scientific labours in this field, and adopted trustworthy tables accordingly. On the other hand, the legislature has not interfered on this subject as successfully as it might have done. The Act of 1875 contains an unintelligible defectiveness on this point, by providing merely (section 11, sub-section 5,) that no society, assuring to any member a certain annuity, shall be entitled to registry, unless the tables of contributions for such assurance have been certified by the actuary to the National Debt Office, or an actuary approved by the Treasury. This section covers, therefore, the case of old age insurance, but leaves the cases of life insurance and of ordinary sickness wholly unprovided for.

It may, therefore, be said in general that in the English Friendly Societies the adoption of graduated premiums for all kinds of insurance, and therewith the realization of the most essential condition of the general introduction of the reserve system is in course of progress, although as yet not generally effected.

But if the age of the member when joining the society remains the most important basis for tables for premiums, it is not by any means the only factor that determines the extent of the liabilities

keeping so much simpler. Thus, for instance, in the Glasgow Thistle and Rose Society, which admits members of from 20 to 40 years of age, all payments are brought to the uniform age of 30, made equitable to the younger members by the rule that they are entitled to draw an allowance, only having been members of the society during a certain time, and concerning the elder members by an additional payment (Second Report, Part II., Q. 12,707 *sqq.*). Even in the great Hearts of Oak Society, which in 1883 had no less than 120,263 members, and a reserve fund of £627,612, the rates are not graduated according to age. The simplicity of the book-keeping is expressly assigned as the reason of this by the secretary of the society (Third Report, Q. 24,366).

incurred by the society on his admission. Occupation and habits of life play at least a great part in the question, and influence the member's health and duration of life. To determine this influence is, however, a difficult matter. In the first place, it must be borne in mind that occupation and habits of life always act and react upon each other. Mr. W. A. Guy says very justly that it is difficult to ascertain the real influence of occupation on health, since, on the one hand, occupations which, so far as danger to life is concerned, are nearly akin, may be united with very different habits of life, different dwellings, and other external circumstances of the working-man's existence, and, therefore, with totally different probabilities of sickness; while, on the other hand, occupations which in regard to immediate danger are widely different, appear through these accompanying circumstances to approximate each other in their results, as respects Friendly Societies.* Unhealthy occupations may, therefore, through rational and regular habits of life on the part of the working-man, exhibit relatively favourable results; while inversely, working-men who are addicted to intemperance or vicious habits, or are subject to other influences injurious to health, represent bad risks in respect of sick insurance, even though their occupations be healthy. In England, where people have long been forced to the conviction that the modern factory system, and the colossal extension of mines and iron-works, have created entirely new conditions of health and habits of life for a large part of the nation, the influence exercised by different occupations in manufacture upon the health and lives of the working-men has often been made the subject of laborious investigation; but a general comparison and examination of the results on behalf of Friendly Societies has not yet been made.†

* *Journal of the Statistical Society*, 1843, p. 197.

† "What is needed," says the Report of the Commission in 1874, "is an investigation into the sickness experienced by a number of well-conducted societies, and particularly among those which distinguish the occupation of their members, and that from these statistics there should be deduced tables of premiums and auxiliary valuation tables."—*Fourth Report*, p. clxxxi. See also on this point a number of pertinent essays in the "Transactions of the Social Science Association" and in the "Journal of the Statistical Society," and also "The Influence of Occupation upon Health, as shown by the Mortality Experience," by Francis G. P. Neison, 1872.

The elder Mr. Neison, in his work to which we have already referred, made an important beginning about forty years ago, but the Report of the Commission of 1874 was correct in stating that in spite of that, the classes of risks, based on the influence of different occupations, had not yet found any proper discrimination in the practice of Friendly Societies. Even the valuable data, collected by the Foresters from their experiences between 1871 and 1875, remained—as we know—unappreciated. It must not, however, be forgotten that the efforts made in England were directed to another side of the question. The classification of dangers was neglected, but the dangers themselves were diminished. The great *preventive* influence exercised by sanitary legislation and administration, as well as by the Factory Acts and the great change in the health, the habits of life, and the morals of the working classes, have powerfully supported the Friendly Societies. Nor is the influence small which the social element in the Friendly Societies themselves exercises on the sober and regular habits of life of their members. Most of the English Friendly Societies are institutions which not only provide for the insurance of the working classes, but also promote their moral elevation, their education in order and punctuality, and a self-denying, honourable, and industrious course of life.

It remains to make a few remarks on the practice pursued by the Friendly Societies in regard to the different kinds of occupation and the difference of risks they involve. In earlier days their rules excluded altogether from membership many occupations against which there existed a frequently unfounded prejudice that they were particularly unhealthy; while more lately nearly all these restrictions have been abolished, and it may be said that the Friendly Societies of the present day pursue anything but an exclusive tendency, being, on the contrary, easily accessible to all kinds of dangerous occupations. Still, no uniform practice prevails.* In general, it is a common opinion that the different risks of Friendly Societies counterbalance each other,

* The order of the Druids in Sheffield refuses to admit to their ordinary branches the "dry-grinders," on account of the unhealthiness of their trade, but has formed separate branches for these workmen (Second Report, Part II., Q.

and it is certainly a good sign for the healthy, social tendency of the present societies, that it is preferred to disregard this point rather than allow the social object of the institutions to be destroyed. The advantages of graduation, according to different occupations, are admitted in theory, but in practice the societies have refused to deviate from their habit of considering their members as brethren and not as bare risks.* At the same time, the individualization of risks assumes a marked expression when it arises from local causes, or is connected with notorious facts. Thus the workmen in the various iron and steel manufactures in Birmingham and Sheffield establish Friendly Societies for their fellow-operatives, and the same is done by the printers and type-founders, the agricultural labourers, the builders, and the smaller middle classes in the towns, as being naturally thrown together. A separate position is occupied only by those workmen who are engaged in some notoriously dangerous employment, such as, for example, the painters in white lead, and, above all, the miners. These dangerous employments are either (in rare cases) entirely excluded from Friendly Societies by their rules, or made subject to the payment of higher premiums.† The miners have of late years, as we have already observed, established a large accident-insurance society, and, in regard to this branch of insurance, made themselves independent of other Friendly Societies.

As regards, lastly, the influence of locality on the life and health of the workmen, and, therefore, on the insurance system of the Friendly Societies, we have noticed already how admirably

17,357 *sqq.*). The Staffordshire Provident Association, on the contrary, admits the "dippers"—an employment considered very unhealthy—on the same terms as its other members (*Ibid.* Q. 18,964).

* That this means making the more healthy members pay for the less healthy ones, the lodges of the great Orders, which adjust their tables according to average experiences, are perfectly aware (Second Report, Part II., Q. 27,740. Compare also Questions 404, 25,868 *sqq.*, and 27,592 *sqq*).

† Where a particular society has to receive a regular and strong admixture of workmen engaged in dangerous employments, it is forced to suffer from this circumstance. Thus the last general valuation of the Manchester Unity showed that the lodges in the coal districts are mostly in a very bad financial condition ("Valuation Balance-Sheets of the Lodges of the Manchester Unity, as on December 31st, 1880," by Reuben Watson, Manchester, 1884, p. 229. Compare also Second Report, Appendix, part ii., Questions 985 and 8,662).

the large Orders have turned to account by their investigations their experiences in rural, town, and city districts. The net result of these investigations, however, is determined also to some extent by occupation and habits of life.

2. While the compilation of a table of premiums is the plan, according to which the society is constituted, valuation is the inquiry how far the plan corresponds with reality.* Mathematically, a valuation consists in this: that the value of premiums receivable is set, for insurance purposes, against the value of benefits payable, in order to ascertain by this comparison whether the society, speaking actuarially, is solvent or not; that is to say, whether not only its current but also its future liabilities are covered by the contributions and the fund. The basis of such a valuation is formed, on the one hand, by the scale of premiums and the rules that govern its application, and, on the other, by the probability of death, sickness, and the other facts corresponding with the various objects of insurance. If all these circumstances were fixed quantities, and a Friendly Society always moved in the same track, a purely mathematical valuation would amply suffice to control the course of these societies. But the fact is rightly recognised in England that a society, which depends on the voluntary accession of its members, is no mechanical piece of clock-work, which merely requires regulating from time to time, but a living organism, subject to influences of the most different kind, and the growth and development of which must be carefully watched and, if necessary, guided in a marked direction. A purely mathematical valuation is not enough,—it must be conducted in a broader sense.

We will endeavour to show this by the deviations to which the English Friendly Societies have been exposed in consequence of their peculiar organization.

* The best authority on the subject of these valuations is the book published by the Institute of Actuaries, to which we have already referred. Besides this, there is the younger Mr. Neison's "Observations on the Efficient Valuation of Friendly Societies," also mentioned above. Mr. Hardwick's "Manual" also, as well as the Reports of the Commission of 1871, and the annual reports of the large Orders, particularly the Manchester Unity and the Foresters, abound in information on this subject. We can only notice them, however, in outline.

It is scarcely possible that the original plan of a Friendly Society should completely correspond with the actual reality. The labours of the large Orders have, it is true, supplied materials on the basis of which approximately correct calculations can be made, and the individualization of risks, by the division into rural, town, and city districts, is a step in advance; but we have seen that comparatively little use has yet been made of the statistics of occupation, an element which strongly influences these societies, from their non-exclusive character and conduct. When, therefore, a newly-founded society chooses certain tables and rules as a model, the adjustment to the relations under which it works is never immediately complete. Every Friendly Society represents in a certain respect a peculiar group of experiments, which can be tested only by frequent proof, and must be utilized by repeated corrections or modifications of the original plan. Add to this the fluctuations in the numerical strength of these societies. If the number of members is small, it depends merely on chance whether the practical result is better or worse than the calculation, based, as it always is, on average quantities, which in small societies of 30, 50, or 100 members cannot possibly be realized. Lastly, deviations may be brought about by the retirement of members. In this respect, it is right to take into account, though not to over estimate, the influence exercised in cases where, as happens in England, the retiring member forfeits more or less his previous payments to the society. Experience has shown that, putting aside secessions *en masse*, to which we have already referred, and which may arise from various specific causes, retirements from these societies take place, as a rule, among the younger members, and being, therefore, of comparatively small pecuniary advantage to the society, must be included in the calculation with great caution. It is not until a society has been existing for some time, that it is possible to learn from experience with any certainty, whether and to what extent, if at all, this element of profit is constantly recurrent.

Again, the conditions which might have been judiciously taken in account in starting the society, may undergo an alteration, and that to its advantage as well as its disadvantage. In the first place, local influence steps in. Villages have grown into towns;

the older manufacturing towns have had entirely new quarters added to them; what was a rural district a generation ago, is to-day, perhaps, the centre of a large manufacturing town, and, as such, exposed to injurious influences; while, on the other hand, the standard of health has been raised in many places by the sanitary regulations of the Government or the local authorities. Still more important are the possible changes in the *quality* of the members of a society, which may deeply disturb the insurance calculations for life as well as for sickness. As regards the latter, we have seen that the English Friendly Societies extend their insurances to relative incapacity for work, the effect of which depends very largely on the nature of the employment. In this respect a society may be subjected to the greatest changes. Then, again, there is the influence caused by habits of life, which may deteriorate and become injurious to health, or may improve, as, in fact, they have most remarkably improved in England,—a result brought about by the diminution of intemperance, better dwellings, and increased facilities for cleanliness. Again, there are the influences exercised on the business of the Friendly Societies by the condition of manufacturing industry. Low wages and a depressed state of trade, coupled with a reduction of work-hours, multiply the claims on sick benefits. When the workman is out of employ, a slight ailment or indisposition, which in better days he would have shaken off, is enough to put him on the sick-list; and the same thing happens if he is stinted in his usual food and worried by the want of work.

Lastly, the administration of the Friendly Societies, the carrying out of the rules as to the admission of members and the certification of sickness and disablement, the control to be exercised over members on the sick-list, the expenses of management, and the investment of funds,—all these are questions which exercise on the financial condition of the society a material influence, and one which is none the less profound because at first it is usually almost unperceived. Lax management easily becomes the slippery road from security to ruin.

Mr. Hardwick is, therefore, correct in saying that it is clear that notwithstanding all observed and scientifically compiled experiences, it is impossible to obtain absolute exactness. Disturb-

ances in the calculation will always occur in particular Friendly Societies, and hence the necessity of a periodical revision and eventually correction, to prevent these disturbances from gradually multiplying errors of calculation.

The investigation required by a valuation of this kind is, as we have seen, a comprehensive one. Starting with an observation of the experience of the society during the last few years, it examines the management, takes into consideration the occupations of the members and their habits of life, the influence of local relations and the state of industry, then calculates each branch of insurance separately, and finally arrives at a result, which depends not only on a mathematical valuation, but on an analysis of all the elements that affect the stability and growth of the society, on an anatomy of all its vital organs. The younger Mr. Neison, in his recent work, nas expressed this thought very accurately. "A valuation properly conducted," he says, "presents the means of correcting any misconceptions of the risks formed at the starting of the society, and this is its most important feature. The purport of valuation is to maintain, as it were, the touch between the risks as they are and as they are assumed to be in the bases of the contracts, and periodically to adjust such differences as may arise. Due effect is thereby given to all local circumstances and features, which may be special to a particular society; and the skill of the actuary consists not in the performance of so many multiplications of the number of members by the values of specific benefits, for any one with a slight mathematical knowledge can effect this, but in drawing proper deductions from the varying circumstances of each society as exhibited in its records, and in knowing how much force may safely be attributed to each particular variation in its working. This constitutes the mainspring of an efficient valuation."*

It may be asked, what practical effect can be produced by such a valuation? First of all, a financial one. The case in which liabilities and assets show an exact balance does not require any special treatmet, and, moreover, very rarely occurs, there being usually either a deficit or a surplus. The first of these cases, a deficit,

* "Observations on the Efficient Valuation of Friendly Societies," p. 22.

means not, indeed, momentary inability to pay, but at least such a state of finances as will result sooner or later, if no change is made in the constitution or management of the society, in its ceasing to be able to meet its engagements to its members. When, therefore, a deficit is found to exist, the society has still a longer or a shorter time of grace, within which it may restore the necessary equilibrium. And this is what many of the societies have actually done. Valuation, with its inexorable logic of facts, has given the impetus to most of the reforms, and preserved to many societies a life already seriously endangered. In this respect, the institution as a whole has shown remarkable elasticity and vigour. If the evil was admitted, efforts were made to increase the contributions or to reduce the benefits, to keep a tighter hand on the management or to alter the investment of funds. Sacrifices in any case had to be made, and many societies made them with courage and self-denial.

It is easier, of course, to decide what to do in the much rarer cases of a surplus, and the Friendly Societies have devised various means of applying it to the advantage of their members, while refusing, under any circumstances, to increase the benefits in such a manner that the danger of imposition might arise. *

Valuation is, lastly, of decisive importance as regards administrative reform. We have yet to learn what are the strong and

* Another danger, to which we have already referred, consists in societies, in the event of a surplus, allowing themselves to be tempted into distributing the capital among the members, and then dissolving (see "Second Report," Appendix, part ii., questions 1,896 and 19,802). On this point some detailed evidence as given to the Commissioners in 1874 by Mr. H. Tompkins, the Chief Clerk in the Friendly Societies' Registration Office, as follows:—

"Q. 1,896. Can you give the Commission any examples of societies having been dissolved from the great temptation that there was to share the funds?—Yes; I have looked through the cases mentioned in the Registrar's Report for the last two or three years, and I have made a list of about twenty or thirty in which the Societies have been broken up, and they have shared among the members amounts varying from £393 per member to £6, £7, £8, £9, and £10, within the last two or three years.

"Q. 1,897. Have there been many cases of that kind?—I think a considerable number of those cases arise.

"Q. 1,898. Taking the whole number of dissolutions that you have known, what proportion of the whole number have been dissolved, do you think, for

what the weak sides of the management of English Friendly Societies. It is the merit of valuations that they have thrown much useful light on this subject.

The valuation of Friendly Societies is one of those questions which occupy at the present day the fore-front of discussion; it has for a long while, as we have already observed, been advocated by those who desired to see the transition to a regulated and safe reserve system accelerated, and that, indeed, not as an isolated scrutiny, but as a regularly recurrent investigation and overhauling of the society's position. The diffusion of correct information respecting the actuarial side of the question is bringing about this end, and the publication of scientific as well as of popular treatises work together in this direction.*

Legislation also, as we shall see hereafter more fully, has inter-

that reason?—I should say that from having too large an amount of funds, perhaps one in eight or ten.

"Q. 1,901. How would the danger arise?—When a society has existed for many years, and has amassed a large fund, difficulties are thrown in the way of admission of new members; as the members die off, the number gets smaller, and the close spirit of the society is increased, until at last the numbers become very few, and they break up the society and divide the fund."

* Among the treatises which deserve notice from their generally clear composition and their extensive operation, are the prize essays repeatedly published on subjects concerning Friendly Societies. In 1877 the late Mr. W. E. Forster offered a prize for the best essays on valuation and provision for old age. The competition was open only to members of Friendly Societies, and the result was a number of papers written by members of the most different societies. With regard to the essays on valuation, the first prize was taken by Mr. William Crowter, a member of the South of England Mutual Benefit Society; the second by Mr. William Hancox, a brother of the Manchester Unity; and the third by Mr. W. R. D. Gilbert, a member of the Western Provident Association. (See "The Forster Prize Essays on Friendly Societies," Manchester, 1879.)

Recently the Conservative Member of Parliament for Leeds, Mr. W. L. Jackson, a member of the Manchester Unity, has similarly offered prizes for the best essay on the contributions to district burial societies, as well as on the defects from which Friendly Societies are still suffering, and the means of their remedy. The best essay on the latter subject was written by Mr. Charles Cowell, a member of the Mutual Provident Alliance; the second best by Mr. W. C. Eaton, of the Foresters, and the third best by the Rev. R. W. Essington, a member of the Manchester Unity. (See "The Jackson Prize Essays on Friendly Societies," Leeds, 1885.)

vened in this matter with success, if not as yet sufficiently. The Act of 1846 (9 and 10 Vict. ch. 27) already contained provision for the valuation of registered Friendly Societies; but this provision was wholly misunderstood by the then Registrar, who, instead of demanding an actuarial valuation, contented himself with a kind of balance-sheet. The Act of 1875 for the first time made quinquennial valuations compulsory on all registered Friendly Societies. The annual reports of the Chief Registrar have incessantly endeavoured to give the utmost possible expression to the intention of the legislature.* It is the Manchester Unity of Oddfellows, above all, which, even before the Act of 1875, effected with energy and not without financial sacrifices periodical valuations in their lodges, being also on this point in the van of actuarial reform. †

* The Appendix to the Report of the Chief Registrar for 1880 contains a "Memorandum on Valuations," by Mr. Sutton, from which we quote here a few sentences, since a not unimportant effect has been ascribed with justice to the clear exposition in this memorandum: "The valuation of a Friendly Society," says Mr. Sutton, "is the taking stock of its engagements, and of the means it has for meeting them. Without it a society cannot tell whether it can afford to go on paying the benefits it has promised, or whether it is on the way sooner or later to break up, and leave its members helpless. . . . It is too often supposed that a society which has funds in hand is solvent. If the funds at the end of one year are larger than they were the year before, it is too often supposed that the society must be prosperous. But it is not so. A trader is not necessarily able to pay all he owes because he has a few pounds in his till. The question is whether his stock in trade, his good debts, and other property, cover all he may have to pay. He may have twice as much cash in hand this year as last, and yet have become insolvent in the meantime, by loss of stock, by increase of debts and liabilities. Just so the solvency of a Friendly Society depends not upon the money it has in hand, but upon whether its existing funds, together with the future contributions for benefits which the members are bound to pay, are enough to balance the benefits which those members have a right to receive under the rules, together with any other expenses and liabilities. The main object of a valuation is the proper answering of this question, and what can be more important to the members of Friendly Societies than that it should be properly answered?" (Appendix B., pp. 56, 57.)

One sees how these principles, which at least to well-regulated insurance institutions have long been familiar, are inoculated on all sides into the English working man for his societies, and thus these self-governing bodies are being put into a position to reform themselves on the broad basis of a general understanding of these principles, and further to conduct their management for the future upon the new system.

† See Appendix A.

There are prejudices and difficulties of every kind to overcome; in numberless ways the Friendly Societies clung, and still cling, to their original system of levies, and even to this day views are widely entertained which lead to false estimates of solvency. If, for example, a society has a tolerably large fund, and can show so and so much capital per head of its members, or if the reserve fund exceeds the aggregate yearly income, or if the receipts alone are constantly in excess of the expenditure, or if the Society can point to a long career and a continual accession of recruits, there is great difficulty in convincing it that all these signs are delusive, and that a valuation will perhaps show that measures must immediately be taken in accordance with its results to prevent these favourable signs from turning into unfavourable ones. Add to this that a feeling of distrust once prevailed against actuaries which was not altogether unjustified. The valuations often differed widely from each other, and the multitude of conditions to be taken into account led frequently to their differing in one and the same case.* If anything were calculated to promote valuation, it would be uniformity of method, which is wanting to this day. Lastly, there is the cost of valuation, an important item in the question.

To state the case briefly, we may say that valuation is now kept in view by all Friendly Societies as a necessary means of reforming the basis of insurance, but that its application is still delayed by a variety of causes which are gradually disappearing, but must certainly present an obstacle for years to come to progress in the direction of the new system of premiums.

"The spirit of investigation now aroused," says Mr. Hardwick very truly in the preface to his book to which we have frequently referred, "will continue to grapple with the question, till these valuable institutions shall become purged of all financial error, and

* A witness examined by the Commission gives an instance of a Friendly Society in South Buckinghamshire, of which it was stated that in October, 1862, a surplus was certified of £2,848; that four years afterwards Mr. Neison declared a deficit of £1,417; and that in the following year Mr. Finlaison declared a surplus of £3,946. The rate of interest at which the funds are invested and the ratio of secessions mainly account for these variations. (Third Report, Q. 24,566.)

their capabilities for the common good consequently more completely and effectually developed."

C. *Management.*

We have pointed out in the preceding remarks the principles of insurance which have governed the development of the Friendly Societies. Their actuarial system forms, so to speak, the exact mathematical side of the institution. It remains to cast a glance at the management of these societies in order to see whether it indicates an advance corresponding with that achieved by actuarial labours. I may term this the psychological, practical side of the question.

Every actuarial calculation of the probable receipts and disbursements of a society, however safe may be its basis, forms only a theoretical condition for the solution of the problem of insurance. It is the societies themselves, composed of living men, engaged in the practical management of insurance, who in the first instance determine its success by the manner in which they solve the numerous and difficult questions of administration.

While the strictly technical part of insurance depends on the collection and compilation of trustworthy data, and is therefore an intellectual labour, the application of theory to practice is a matter of will, of experience, and of character. As such it is comparatively difficult to describe. To do so involves a description of character which must always be imperfect. We shall, perhaps, best discharge our task by noticing first the leading features of administration shared by Friendly Societies in general, and then explaining a series of particular questions of management which give us in various respects an insight into details.

The English Friendly Societies are institutions of active and conscientious self-help, which have originated "from a deep sense of the dignity inherent in self-sustaining effort, and the true and lasting independence founded thereon." * These words of a competent judge of these societies form a correct starting-point for considering their management.

* "Friendly or Benefit Societies," by Charles Hardwick ("Transactions of the National Associations for the Promotion of Social Science for 1858," p. 636).

These institutions during the last few decades, through the influence of scientific research, public criticism, legislation, and State supervision, have experienced a transformation which has raised them into organized associations of self-help. Nevertheless, it is only their own strength that has moved them. This strength rests in the English working classes. They have impressed their stamp on the entire system, and the management of these societies has revealed both their strong qualities and their weaknesses. This class is one that is not easily moved. "The British working man will not be dictated to; he must be convinced, in some form or other, or he will not move. There are many men amongst them of advanced intelligence, both competent and wishful to effect to the full all necessary reforms; but it must not be forgotten that they have to wait with patience while they teach, step by step, their more humbly educated brethren, and obtain their votes for each successive innovation upon the 'ancient constitution,' before ever they can effect any substantial progress. Depend upon it, there is as strong an element of conservatism in the working-man's club-room as in the House of Lords itself." *

This spirit of independent self-help has its advantages and disadvantages. We have already had occasion to remark how slow in these Friendly Societies has been the progress of reform, and we must repeat that up to the present day it exhibits defects. Where the right men are wanting, there the management of the societies is bad; in addition to which there is frequently a fatal optimism which, because things have gone on for some years or some tens of years, opposes itself as an obstacle to all energetic action. At the lowest stage, as regards efficient self-activity, stand the societies which are managed by agents, especially the burial societies, which have no social character at all. Again, where the society consists mainly of the less experienced and badly paid workmen, it suffers so seriously from the ignorance, helplessness, and apathy of its members, as to require the active assistance of the upper classes, of the clergy, landlords, and manufacturers to keep its footing. This remark applies particularly to a portion of the agricultural classes.

* *Ibid.*, p. 638.

No one, however, can now deny that, taken altogether, the English working-men, and especially the more highly educated manufacturing artisans, display those qualities which are necessary for the management of insurance societies, that the members of these societies themselves take part in their management with far keener interest than they did formerly, that they are able to apply practically the knowledge which the literature of insurance has placed in their hands, and that the experience and skill displayed in the management of the societies have steadily increased.* Any one who studies this question in England will be amazed at the silent and uninterrupted labours of those workmen, who devote every leisure hour which is left to them after the

* The inquiry by the Commission in 1874 contains already a number of testimonies which agree in stating that the capacity and willingness of members of the Friendly Societies to conduct a properly constituted administration, have materially increased. Mr. John Wood, Secretary of the Equalised Manchester and Salford District of the Order of Druids, gives the following evidence: —

"Q. 17,198. Have you observed any marked improvement in the management of the societies arising from growing intelligence and an increased interest on the part of the members, or otherwise?—Yes, there is not the least doubt about that. If we look twenty years back, and look at the present time, we shall see that the improvement is very great.

"Q. 17,199. In what respects?—In financial arrangements as to the expenditure.

"Q. 17,200. Does that arise out of the members taking a greater individual interest in their own concerns, in looking into the balance sheets, and in scrutinizing the acts of the managing body?—Yes, with their advice and assistance; it is owing to that."

Mr. Atherton also, one of the Committee of the Royal Liver Society, of Liverpool, states as follows:—

"Q. 1,451. "I may mention, which no doubt gentlemen present know, that the members, as a general rule, in all Friendly Societies are much better informed and much more intelligent now; they demand more, and investigate much more than they did ten or fifteen years ago. At the present time members at a general meeting are very apt to get up and talk, and make a proposition, and ask very important questions indeed; they put very pertinent questions to the managers in their own way. Another thing is that they are demanding the immediate removal of all the offices from public houses. Many of the branch societies have been forced by the general will of its members to buy freehold property and erect offices outside of public houses; and this has been done simply by moral influence and increase of intelligence in the present members of Friendly Societies. I am certainly of opinion that it is only a work of time; it is slow, but I think the time is coming about when the mem-

now shortened work-day, to enlarging eagerly and assiduously their knowledge of the principles of insurance, and manage to the best of their power the societies to which they belong. It is in the branches of the large Orders, but also in many other societies which embrace the higher grades of the working classes and to a greater or less extent also the lower middle classes, in the towns, that the greatest progress has been made in organization and management. In this way self-activity, if often slow in ripening, has nevertheless borne safe fruit.

This fundamental character of English Friendly Societies as working-men's associations is not changed in any way by the fact that, as we have already more than once observed, they have been tempered with the different elements of the middle and upper classes. This co-operation, which has taken place at all times, is a great advantage to these societies. It takes place in the most different forms.

As for the patronised societies in rural districts, the members of the upper classes have at all times been their founders and directors. Among the clergy in particular many have been inspired by that high conception of duty which has been thus expressed by the Hon. and Rev. Mr. Best in a paper read in May, 1871, at a meeting of the Friendly Societies Association: "I remember how once a fellow-clergyman said, in reply to a question of mine as to the friendly society existing in his parish, that he only served the table of the Lord. I need hardly say how totally I differ from this view, and how earnestly I feel that the clergy who are true to their calling are bound to show that the promotion of the temporal welfare and social improvement of the people is just as much their duty as are the higher and more undoubted objects for which they have been ordained." As regards the Friendly Societies in the towns, on the other hand, they are benefited in particular by the element of the small independent tradesmen and shopkeepers, shop-assistants, and others, who ren-

bers of Friendly Societies will make a greater stride than they have done in the last ten years."

No one will be able to deny that this evidence, given before the Commission in February, 1871, has since been abundantly confirmed.

der good service by undertaking the book-keeping and accounts. Lastly, if we glance at the directories of the large working-men's Orders,—above all, that of the Manchester Unity,—we find a goodly number of Members of Parliament,—indeed most of the leading statesmen in England belong to one or more branches of the Odd Fellows, Foresters, and other Orders, as well as representatives of science, merchants, shipowners, and manufacturers. These members have, it is true, no immediate influence on the management of the various branches or Orders, but they take the opportunity, at their meetings and festivities, of testifying their membership of the Order, and of keeping touch with the "brethren" by acting as presidents, by making speeches on special occasions, and by cultivating social intercourse with their fellow-members. This class of members strengthens materially the social position of the working-men's Orders. They are the connecting links between the social life of these Orders and public life in England, the peculiarity of which is that all practical efforts disembogue into it.

Putting aside the burial societies, most of the Friendly Societies are anything but mere insurance institutions, admission to which is determined by purely actuarial considerations; on the contrary, it is the very method and manner of admission that stamps the social character of these societies, and at the same time determines the spirit in which their management is conducted. The best among them are not only social self-governing bodies, but also real brotherhoods, in which just as much is asked about character and habits of life as about age and health. This double character is most strongly marked in the large Orders; thus in the Foresters no one can be admitted (whether as an honorary or financial member) "who bears a bad character, who leads a dissolute life, frequents bad company, is guilty of habitual intoxication, or is of a quarrelsome behaviour."* Among the Orders the admission of a "brother" is always made a matter of some importance or ceremony, even if the pomp of freemasonry has

* Article 63 of the General Laws of the Ancient Order of Foresters Friendly Societies, as amended in 1884, Leeds. Published and sold by the Executive Council.

entirely disappeared. Many societies insist, as a further guarantee of fitness on the part of the candidate, that he should have earned for a certain time a minimum amount of weekly wages, and require this proof of his independence and capacity to work before admitting him. When the exclusiveness of the societies goes no further than these tests, it is, in the case of institutions dependent for their existence on the self-help of their constituent forces, perfectly justifiable. Still, the fact undoubtedly comes out that many societies in a financially sound position, form narrow-minded and exclusive *coteries*, which very imperfectly fulfil their social mission.

Outwardly, the management of Friendly Societies exhibits great similarity of form. The conduct of business is usually vested by the rules in a Committee of Management, called sometimes a Board of Management or Board of Directors, with a President and a vice-President at the head. Every society must have its trustees, as organs for its legal competence to act and, in addition to this, auditors and arbitrators are usually appointed, and many societies have also their Patron and several vice-Patrons. The functionary, however, which no society can dispense with, and who, in most of them, is the soul of the whole concern, is the Secretary. He is the real manager of its business, a salaried officer in the larger societies, and in many of them entrusted exclusively with this office. The secretaries of the Friendly Societies are the bureaucratic element of the institution, and the tendency undoubtedly is to strengthen their position and to increase their influence, but also their responsibility to the Society. The bureaucratic apparatus has been largely developed, particularly in the large Orders. The Secretary attends to the current business of the society, and especially the correspondence. More important matters are disposed of at the committee meetings and reported or submitted in the form of resolutions to the members at their general meetings. Most of the societies have a "members' evening" once a week or once a fortnight, the first part of which is devoted to business and the rest to social intercourse. The Orders have also periodical meetings for the representatives of districts, and of course general meetings.

The rules of the Friendly Societies, which formerly were often

very clumsy compilations, have been drawn up more recently in a much improved form.* The Manchester Unity and the Foresters have compiled model rules for their branches, with a view to obtain the utmost possible uniformity, as also to facilitate registration. These model rules were submitted before publication to the chief registrar, and simplified by him, so that the branches which adopt them avoid all difficulties in registration.

One of the most important questions affecting working-men's insurance is the extent of the Society. On this point the transition from the levy system to the premium system has occasioned a great change. We know that although Friendly Societies have arisen in large numbers, most of them constitute small groups. No doubt this is partly due to the spirit of independence common to all institutions of self-help in England. But it is also due to the very general conviction that a Society cannot permanently protect itself against shamming and malingering in cases of sickness, unless the number of its members is not unduly large, and the control exercised in all cases by the medical and other officers, specially appointed for the purpose, is strengthened by the fact that the members themselves are personally acquainted with each other, and superintend among themselves the due execution of the rules. Moreover, the larger societies, especially in earlier days, when the form and means of management were very simple, did not show themselves manageable. In this respect, however, the transition to the new system of insurance has wrought a thorough change. As regards management, it was soon found that in such small societies there was frequently a want of the necessary number of members competent and willing to attend to the complicated duties of administration and of book-keeping; and it was also soon made evident that the application of tables of sickness and mortality was only suitable to larger societies, since the computed averages could only be realized when a sufficient number of lives were included in the insurance. Hence the now pretty general conviction that a middle position, in regard to numbers, is the most advantageous for a society. As to the proper number of members, opinions differ, as is natural. Mr. Neison thinks a

* Second Report, Q. 58, *sqq*.

society should consist of at least 300; Mr. Hardwick demands from 500 to 1000. Although many independent societies or branches of a large Order have reached, or indeed exceeded this latter figure, still, as a general rule, the average strength of the societies at present is under the figure which Mr. Neison requires. The enlargement of these societies has become therefore the subject of attention and active effort. The amalgamation of the smaller societies has been advocated and partly carried out; the large Orders have abandoned the vanity of showing on their lists as many branches as possible, and, on the contrary, are now working to strengthen the numbers of their existing branches, without, however, having as yet succeeded in attaining on an average that middle position which Mr. Neison recommended. Nevertheless, great progress has been made in the last few years. While, for instance, in 1871 the lodges of the Manchester Unity counted an average of 122 members, this figure rose in 1886 to 142, the corresponding increase in the case of the courts of Foresters being from 107 to 133.

In general, however, it must be said, that the efforts made by the societies to secure a larger number of members have not met with any decisive success, and that there is still a great splitting up of forces. Recently, however, more strenuous attempts have been made to demand for the Friendly Societies a broader basis of insurance, and that by a union of single societies. This problem has been taken in hand in very different ways.

Above all, it must here be mentioned that the large Orders have endeavoured to form associations for certain branches of insurance out of their districts, which always contain a large number of branches. This is now being done almost universally with regard to burial allowances, so that as a rule the various branches have to deal only with sick insurance, and the larger district association, by means of a system of contributions from the branches or from the members of the branches, is made the machine for insuring funeral benefits. Many of the districts have gone farther, by establishing funds to relieve members in case of disablement by accident, to assist individual branches, which have been overburdened by sick benefits, to supply medical aid and medicines, and for other purposes. During the last few years in particular,

strenuous attempts have been made to obtain in the Orders the broader basis of the district for some sorts of insurance, and to give a stronger support to the branches, either by assisting them pecuniarily in case of need, or relieving them of certain kinds of insurance.*

A radical change would be effected in the relations between the various lodges if another step, known as "equalisation," which was first tried by the trades-union of the Amalgamated Society of Engineers, and has hitherto been followed only here and there by the Friendly Societies, were to meet with more general adoption.† This equalisation consists in the branches of a district consolidating themselves in regard not only to death-claims but also liabilities accruing from sick insurance, by instituting among

* We quote the following provisions from the rules of the Sheffield and Hallamshire District of the Foresters, bearing date 1884. The objects of the District shall be as follow:—

"*Assuring sums of money payable at the death* of members, and for the funeral expenses of members' wives and deceased members' widows; providing relief to widows and orphans of deceased members; the assistance of *members in distress, the assistance of* Courts *whose funds* may become exhausted by the claims of their sick members; *providing medical attendance and medicine; the payment of weekly sick allowance, and the payment of a sum of money for the funeral expenses of members' children*" (Rule 1).

It will easily be seen how this broader basis of the district enables a corresponding extension of the objects of insurance.

Every court belonging to this district sends one delegate to the district meeting, and courts with more than 300 members send two (Rule 13). The immediate relations between this district society and the various courts of the district and their members are as follows: sick insurance is left to the courts, which are subject, by the rules of the district society, to certain normal regulations, particularly in regard to premiums, the observance of which is superintended by the district executive. As regards the above-named objects of the district, the members of the courts are also members of the district (Rule 14, etc.). These provisions indicate a strong advance to centralisation.

The Sheffield and Hallamshire District undertakes sick insurance, as we have seen, for members' children. An interesting and, so far as we are aware, a still isolated attempt to relieve the branches of sick insurance altogether, was made some years ago by the Preston District of the Manchester Unity. This "sick union" is said to have proved a success. Compare Hardwick's "Manual," pp. 87 *sqq.*

† See the *Friendly Societies' Journal*, December, 1884, p. 148 *sqq.*; "A Short History of the Chief Affiliated Friendly Societies, p. 29 *sqq.*, and the Second Report of the Commission (1872), Questions 2,398, 17,002 *sqq.*, 18,336 *sqq.*

themselves a quarterly settlement of accounts, when the branches which have a surplus pay it into a common district fund, which goes to relieve the branches which show a deficit. As against the undeniable advantages of equalising risks and thus keeping many of the smaller branches alive, it is urged, as a main objection, that the individual branches, when merged in such a large union, must lose their interest in keeping a sharp watch over their sick-list, and become more and more lax in their management. So far, however, as the system has been carried into practice, these fears do not seem to be justified. The Druids Order in 1879 had no less than 25 equalised districts, containing altogether 258 lodges, with 15,624 members. The information we have since gathered (August, 1884) at Leeds as to equalised districts concurs in stating that the system, wherever it has once been introduced, proves not only that it lessens the cost of management and leads to uniformity in the treatment of members in the various branches, but also tends to reduce the number of sick claims, some of these districts showing the lowest expenditure on sick benefits of the surrounding neighbourhood. Be this, however, as it may, the same obstacle interferes with the formation of equalised districts that interferes with the fusion of individual Friendly Societies, namely, the different financial position of the various branches, the worse off of which have naturally an interest in amalgamation, while those which are better off have not. Various methods have been tried to give effect to amalgamation, but without succeeding as yet to any considerable extent in surmounting the difficulties. Hitherto, therefore, equalisation has mostly been confined to those cases where it was possible to amalgamate brand new branches, established on the same principles of insurance and financially in a virgin condition.

A third kind of union of Friendly Societies otherwise independent has been brought about in the following manner. When Parliament, in 1870, occupied itself actively with these societies, and shortly afterwards the Royal Commission undertook its inquiry and reported a number of recommendations for a reform in the law, associations were formed among the Friendly Societies in various parts of England, with the object of watching the proceedings in Parliament on this subject, and safeguarding, as far as possible,

the interests of the societies.* The immediate efforts of these associations were to protect their independence against the recommendations of the Commission, which called for vigorous action on the part of the Government. After the Consolidating Act of 1875 had brought legislation in this matter to a conclusion, the associations continued their existence, and thenceforth aimed at protecting generally the common interests of Friendly Societies, diffusing useful information in this respect, and promoting the common cause by means of their reports, their active co-operation, and the discussion of burning questions. They have certainly done very much to soften the formerly strong jealousy between the various societies,—nay, to convert mutual jealousy into the opposite feeling, and to awaken the sentiment of solidarity in societies ministering to the same objects. In addition to that, they can point to the achievement of great practical results in having given rise, in the first instance, to arrangements which have since been gradually matured, and are bringing about at any rate a union of several societies for the attainment of one and the same object of insurance. Such are the Medical Aid Associations, of which there were 42 in May, 1884, containing 164,000 members.† These associations ensure medical aid and dispensing in case of sickness by means of a common organization, framed to admit either entire societies or single persons, being members of some Friendly Society, and even women and children. Their value, in thus ministering to sick insurance, is undeniable, it being, as a rule, difficult, if not impossible, for small, isolated societies to find competent medical men who will perform this service without disproportionately high payment. By uniting, however, a large number of members for the purposes of medical relief, and by reducing, in consequence, the cost per head, these associations are able to reduce the corresponding premiums, and the net result is that the medical treatment is better, the test of

* Examples of this kind were the Newcastle Friendly Society Amalgamated Society, the Glasgow Friendly Society Association, and the Leeds Amalgamated Friendly Society. See the *Friendly Societies' Journal*, February, March, and June, 1884, and Second Report of the Commission, Question 19,740.

† *Friendly Societies' Journal*, May, 1884.

disablement is more uniform, and the benefits offered by the associations can be extended to the members' families.*

We have mentioned these attempts of the Friendly Societies to become more centralized than before, and thus to obtain a broader administrative basis, because they relate in fact to an important point in their development. The transition to the premium system, with its great tables of average sickness and mortality, compels the centralization of the hitherto scattered societies. As regards old age insurance in particular, its proper management requires these larger associations. We shall revert to this point hereafter. This much is certain, that the movement towards centralization can never be arrested or diverted, and that either the now innumerable small clubs must amalgamate into groups, or some kind or other of organized asso-

* Thus, for example, the object of the *Leeds Amalgamated Friendly Societies' Medical Aid Association*, as appears from the rules (1881), is to provide medicine and medical aid and attendance during sickness to the members, their wives, families, and parents, and their widows and orphans after their death, The Association is open either to Friendly Societies, as entire bodies,—each of which, in that case, has to submit to the Association quarterly a list of its members and pay an annual contribution of 3*s*. for each member,—or to persons singly, as individual members (provided they belong to some Friendly Society), who have to pay 4*s*. a year. The additional contributions payable annually for a members' wife are 4*s*., for his children, irrespective of number, 5*s* ; for the widow and orphans of a deceased member, 6*s*. ; for the widow alone, 2*s*. ; and for a members' parents, 5*s*. A working-man's family, consisting of husband, wife, and even several children, can obtain medical attendance and medicine for the annual sum of 13*s*. The Association appoints the necessary number of medical officers, who receive a fixed salary and give their services exclusively to its members.

This Association comprised in 1883, as appears from the annual report of that year, 80 Friendly Societies, and a total of 8,117 members. In the course of 1883, a far from healthy year at Leeds, there were 23,180 medical visits, and 70,713 consultations and prescriptions.

We need scarcely repeat here, that this Association also makes no distinction between sickness and accident, and that the same premiums apply, therefore, to both contingencies.

There is another large Medical Aid Association in York, which, in 1883, numbered 9,361 members, and showed an income of £2,842, as against expenses amounting to £2,647. It has built its own sick-house; it keeps three doctor, and a chemist, and in 1883 its report showed 17,581 visits, 23,640 consultations and 51,437 prescriptions.—*Friendly Societies' Journal*, March, 1884.

ciations must be created. The large Orders are promoting this development, to the best of their power, by endeavouring to centralize the various branches of insurance; but they have to reckon with the strongly marked individualism of their branches, which are anything but pliant in this matter. It will be still more difficult to make these ideas penetrate into the various independent societies, though even these will be forced to conduct their insurance business on a broader basis, without which the premium system would lead to worse consequences than the old system of levies.

We will now notice briefly a few more elements in the management of English Friendly Societies. In the first place there is the mode of investing the funds. This was formerly much easier than at present. We have already mentioned that the Government, through the National Debt Commissioners, for a long time guaranteed the Friendly Societies a higher rate of interest on their deposits than that prevailing in the market. In addition to this, however, it was possible formerly in many other ways to obtain a higher rate of interest than at present; so that the Friendly Societies were able to realize 5 per cent. and even more, even while remaining within the limits of strict safety. No doubt the societies were frequently unable to withstand the temptation of speculating with their surplus funds. Some who succeeded in this way in making their reserve capital particularly productive, and thus improved the financial position of the society, or by a lucky throw saved it from dissolution, set a seductive but unwholesome example to others to invest their funds in profitable but uncertain securities or speculations in land, the success or failure of which sealed the breaking up of the society. In this field also the Friendly Societies have had to pay dearly for their experience.

It was the introduction of the premium system that on this point compelled the English Friendly Societies to practise greater caution. The accumulation of reserve funds by means of compound interest forms a fundamental principle of the new system of insurance. The reserve fund, or the capital of the society, is no longer now, as it was formerly, the more or less accidental surplus of the year, but, on the contrary, the rate of interest at

which the contributions can be invested, in other words, the process of accumulating the capital is one of the essential elements in calculating the amount of those contributions. In this respect the societies have undoubtedly had to contend with a growing difficulty during the recent period of a falling rate of interest. As we have already noticed, it was possible, only a few decades ago, to compile a tariff of premiums on the footing of 5 per cent. interest. At the present day this cannot be done with perfect safety on a footing of more than 3 per cent., which practically means a not inconsiderable increase in the amount of premiums. There is, further, the special difficulty of finding a safe investment for small amounts, the consequence of which is, that the small societies are frequently unable to realize more on an average than 2 or $2\frac{1}{2}$ per cent. on their capital. In this respect also, successful attempts at centralization have recently been made by the establishment of so-called "Investment Associations," —that is to say, associations of several Friendly Societies for the purpose of lumping their disposable moneys together and investing them cumulatively.* These associations receive amounts of five pounds and upwards from the different Friendly Societies for investment, divide the interest *pro rata*, and, moreover, make it superfluous for the societies to keep in hand large cash amounts to meet the current expenses, being ready at all times to make advances to them for this purpose.

A further point is the cost of management. Want of economy in this respect has brought many a Friendly Society to ruin. A marked distinction, however, must be drawn between the various classes of these societies. Those which, although based on principles of mutuality, are not self-administering bodies, but are managed, like an institution based on profit, by a large number of officers, agents, collectors, and so forth, naturally show high, and often extravagant, costs of management, amounting to from 30 to 50 per cent. of the gross receipts. Since the book-keeping and balance sheets of such societies are in no way adapted to make this point come out clearly, it is often not at all easy to ascertain the extent of the costs of management proper from their annual

* *Friendly Societies' Journal*, June and August, 1884.

reports. Nevertheless, a notion of the expensiveness may be gained by knowing that in some of these societies the collectors of the subscriptions get a commission of up to 25 per cent. on their gross receipts. But a totally different standard must be applied to those Friendly Societies which alone really deserve the name, since they keep down the costs, by means of a real self-management, to a relatively small amount This amount, of course, varies considerably, according as to whether men are forthcoming who manage the business entirely or to a large extent without remuneration, or whether a paid secretary has to be appointed, and some compensation given to the trustees and members of the committee for their loss of time and travelling expenses. Moreover, very different views prevail as to what expenses should be reckoned and treated as costs of the society, some societies, for example, including in the general costs of management all expenditure occasioned by medical aid, while others treat the remuneration of the doctors as insurance money, which is made up to their members in the form of medical treatment. It is, therefore, very difficult to state any figure applicable generally to all societies, or even to any considerable portion of them. It may serve, however, to assist in forming an estimate on this question to know that the cost of management in the lodges of the Manchester Unity, exclusive of medical payments, and also exclusive of the payments of officers as well as the expenses occasioned by an annual festivity, amount to only 5 or 6 per cent. of the total sum paid in benefits. This is a standard which may apply to many Friendly Societies, and which shows to what an extent the management of these societies is conducted gratuitously by means of the self-activity of their members.

The costs of management are defrayed either by fixed contributions or, as also frequently happens, by levies, in addition to which there are the numerous fines.

One of the most important questions of management is the checking of the abuses, with which societies are threatened, either by shamming in cases of sickness, or by false or forged certificates of birth or death with regard to life insurance. Inasmuch as the system of registration in England is very imperfect, abuses in the latter respect, especially in the large burial societies,

are of not unfrequent occurrence. A question of much greater importance, however, is the prevention of shamming in cases of sick insurance. The Friendly Societies have adopted a series of measures to obviate this evil, which crops up more or less everywhere, but increases in times of bad trade, and gives trouble to those societies in particular which have to do with the lower and morally weaker grades of English workmen. The means employed to prevent this danger are substantially as follows :—

(*a*) According to the opinion generally prevalent in England, which is consistent with nearly all local experience, the most effective means of preventing a sick insurance society from being defrauded is to limit its extent. The principle of limitation is based on the experience that it is impossible to maintain an effective watch over sickness, its intensity and duration, unless the whole mode of life and habits of the member are known inside the society to which he belongs. This experience forms also the ever-recurring argument against the management of sick insurance by the State, which has absolutely no means at its command to exercise an effective scrutiny over persons for whose sick insurance it undertakes to provide.

(*b*) The Friendly Societies seek further, by means of a series of checks, to prevent personation. The certificate necessary to draw the sick allowance is written by the medical officer. Every large society, however, has a special functionary—commonly called a steward—who is entrusted with the supervision of the sick members ; and a visiting committee also is usually appointed for the same purpose, consisting of members of the committee of management, who exercise a supreme control. At the weekly meetings of the committee of management or of the branches, reports are given of the various cases of sickness, and filed as matter of record. The weekly sick allowances are only paid on the production of a certificate attesting the continuance of the illness, and signed either by the doctor or steward.

(*c*) The member in receipt of sick-pay is obliged, apart from the directions of the doctor, to observe a certain mode of life. He can only go out within certain hours of the day, and if found engaged in any profitable employment or in a public-house, or even after certain hours in the evening outside his home, he

is punished with a fine, and in the event of his repeating the offence, with the partial or entire withholding of his sick allowance.

(*d*) It is a principle observed as rigidly as possible in all English Friendly Societies, that no sick or accident allowance shall reach the full amount of the wages usually earned by the member when in health. Only in very rare cases, when a workman contributes to several societies, is an exception made to this rule.

(*e*) Lastly, a deterrent influence is exercised by the rigour with which the societies expel any members who obtain certificates of sickness by fraud, or who practise personation to the injury of the society.

Disputes arising in a Friendly Society are settled, according to most of the rules, by arbitration. They relate usually to claims of members against the society. Opinions differ as to the efficiency of this system. It is alleged against it that, whether the tribunal is composed of members of the society or branches themselves, or of strangers, the selection of the (permanent) arbitrator by the committee of management, or even by the general meeting, does not give a substantial guarantee for an impartial award, and that it is very difficult for any single member to enforce his rights against the society. Those who take this hostile view suggest, therefore, that it would be desirable to settle all disputes before the ordinary courts of law, on the ground that the expenses of so doing are not greater, and that the decision will be speedier and at the same time impartial. The great majority of persons, however, are opposed to litigation. They admit, indeed, that abuses crop up in arbitration, but consider it, nevertheless, the best and cheapest means of settling disputes inside Friendly Societies. The large Orders have endeavoured to compensate for these abuses by instituting a formal appeal from the award of the branches to the arbitration of the district and the central body of the Order.*

We have already had occasion to observe that the charge very commonly brought in former days against Friendly Societies, of

* See Second Report, Questions 8,803, 8,850, 9,348, 9,743, 12,183, etc.

letting their meetings degenerate into drinking bouts, was a well-founded one.* But in this respect also a great change has taken place within the last few years. The greatest danger always was the fact that nearly all the Friendly Societies formerly held their meetings at public-houses, and stood in a kind of connection with the landlord, so that drinking was unavoidable. The new rules, especially those of the large Orders, expressly forbid any portion of the contributions being devoted at their weekly meetings to liquor, as was once so frequently the case. The societies, and foremost again the Orders, impose heavy fines on members who get drunk at meetings, and summarily expel notorious drunkards. Any member found intoxicated while in receipt of relief forfeits his benefit at once. The bad habit of paying room-rent to the publican in the form of liquor has for the most part, indeed, been abandoned, and given place to payments in money. Many societies avoid altogether holding their meetings at public-houses, and choose either schoolrooms or other suitable places for that purpose.

The principles of management now pursued by the Friendly Societies, in regard to questions of temperance, may have failed perhaps as yet to remove all abuses, but they have effectually furthered the progress of the institution as a whole. Along with the improvement in the system of insurance, by the substitution of premiums for levies, goes the change from the old carousings at the public-house to a better and more refined kind of social intercourse, which has done an immense deal not only to better the management of the societies themselves, but also to raise the moral and intellectual level of the working-men. Any one who has attended one of the festive gatherings of the Orders or larger societies, such as a dinner to celebrate an anniversary or to do honour to a specially deserving member, and seen how the English working-men of the present day be-

* In this respect also the Burial Societies are still exposed to serious abuses. A witness stated before the Commission that the Humane Sick and Burial Society at Ashton-under-Lyne consumed in one year, at their quarterly meetings, about £112 in spirituous drinks. (Q. 17,857.) It appeared also that in the Mortality Association Burial Society, 30 per cent. of the entire expenses was wasted in liquor. (Q. 18,271.)

have, and heard them speak, will come away with the conviction that the habits of social intercourse now observed by these societies, so far from being injurious to the institution, are a powerful lever for promoting the spirit of good-fellowship, for quickening every kind of effort, and for developing the social education of the working classes. Experience has taught that those branches of Orders which cultivate in a proper manner the social union of their members, are also the most favourably situated as regards their system of insurance, or have made the greatest progress in that direction.

It will be appropriate here to point out, in general terms, how the Friendly Societies, while reflecting in their management the morality, the intelligence, and the culture of the English working-man who, under the guidance of his leaders, is labouring untiringly to improve them, have themselves become an excellent school for his training and advancement.* Considered purely as insurance institutions, they undoubtedly still leave much to be desired, notwithstanding all their efforts after reform. But whoever looks upon the various social arrangements of a people not as isolated measures, but as parts of a new social edifice, will admit that tables of premiums and investments of funds alone can never realise that great social object which working-men's

* Mr. J. Shepherd, a member of one of the lodges of the Druids, gives the following picture of the social life in the lodges: "We who are in such a society look upon a lodge as a small family party. The lodge to which I belong, and have belonged for the last thirty years, consists of about fifty or fifty-two men. We all know each other directly or indirectly, and come in contact with each other; we are all interested in each other's welfare in regard to health, and sickness, and misfortune. There is a sympathy created connected with those societies which does not at all belong to the other class of societies; there is an adhesiveness and a kindly feeling, and a sort of mutual educational influence to a certain extent connected with those lodges which would surprise you. When I first commenced having anything to do with those societies, it was a difficult thing to find working men who could be quiet and civil to each other when they met, but these societies have so far educated them up in that respect, that the greatest amount of kindness is manifested towards each other in the time of need, and there is a kindly sympathy. When a person is sick, a man goes to visit him, not as a matter of espionage, but as a friend, to talk with him, and they feel quite delighted to see any brother, as they are pleased to term him, for it is as near Freemasonry as anything can be." (Second Report, Q. 2,396.)

insurance has to fulfil,—that even compulsion and fines can never take the place of good-will; but that these institutions can only grow and prosper if inside the body, created either by the rules of the society or the law, there lives a spirit which attracts the members gradually but steadily, without weakness, but honestly, to habits of providence, labour, and temperance, and a readiness for self-sacrifice. Where such a spirit is actively at work, it not only compensates for many practical defects, but is also most certainly able gradually to remove them. In this way the Friendly Societies have had an extraordinary influence on the character and conduct of the working classes in England. We cannot express this better than by quoting the words of Mr. Hardwick, who thus describes the social advantages of these societies: "If the self-governed Friendly Societies," he says, "presented no greater contribution to the cause of social progress than *the practical education* afforded to the members by periodical legislation, and the continued exercise of the executive function, they deserve the support of every true friend of law and order, and of moral and intellectual advancement. The social prosperity and peace of England depend not at the present day upon the blind routine worship of existing authority, but upon the moral and intellectual appreciation of the necessity of law and order for the protection of the property, and the personal liberty and rights, of even the humblest of our fellow-citizens. The improved tone, in this respect, which has been exhibited during the past few years, may be fairly ascribed, to a considerable extent at least, to the operation of the principle of self-government in the Friendly Societies established by provident working-men. It is an old maxim, that if you wish to make a good commander, you must teach him how to obey; and it is equally true, if cheerful submission to law and orderly conduct be desired from a free man, you must, to some extent, teach him how to govern. These societies have done this both in theory and practice, both by precept and example. Truly, every member of a Friendly Society has a 'stake in the country' of immense value to himself, and therefore a direct pecuniary interest in the prevention of anarchy, and in the preservation of order. He has been practically taught that obnoxious enactments are not to be repealed or amended by

violence, but by intellectual and moral suasion, exercised within the limits prescribed by existing law" (p. 167).

In conclusion, we must notice another circumstance, which has reference to the entire management of the Friendly Societies. This is the absolute publicity of their arrangements. All independent societies, and even all the societies connected with private undertakings, multiply printed copies of their annual balance-sheets, and make them, as well as their rules, accessible to members and even non-members. While freely admitting that this grouping of figures does not always succeed in making clear the position of the societies, still, on the whole, in this matter also, publicity has done much to explain and elucidate.

CHAPTER IV.

The Law of Friendly Societies.

Two-fold character of Government intervention.—General character of early legislation.—Necessity of compromise.—Permissive character of legislation. —Position of the unregistered Societies.—Reasons for non-registry.—Registered Societies.

1. *Friendly Society Legislation up to the Act of* 1875. The Act of 1793.—Act of 1819.—Parliamentary inquiries 1825–27.—Act of 1829.—Act of 1834.—Loan Societies Act, 1835.—Benefit Building Societies Act, 1836.—Act of 1846.—Its "Frugal Investment" clause.—Industrial and Provident Societies Acts, 1852 and 1876.—Registration opened to the affiliated Societies.—Consolidation Acts, 1850 and 1855.—Reports of the Chief Registrar.—Royal Commission of 1871–74.—Outline of its recommendations.

2. *The Friendly Societies Act*, 1875. Provisions relating to insurance.—Conditions and results of registration.—Extent of Government supervision. —Powers of the Chief Registrar.—Results of Government supervision.—Annual returns.—Quinquennial returns.—Quinquennial valuations.—Diffusion of actuarial knowledge.—Cancellations and suspensions of registry.—Advantages and privileges of registered Societies.—Their various methods of investment.—Public officials.—Arbitration.—Peculiar conditions of legislation in England.—Question of Government control.—Assistance offered to the Chief Registrar by the large Orders.

The Government in England has intervened in two ways in the matter of working-men's insurance. It has done so, in the first place, by having gradually given a definite legal form and status to the numerous Friendly Societies which owed their origin to the social spirit of the people, and having subjected these social, self-governing bodies to its supervision. But in addition to this it has established an independent, or at any rate voluntary, institution in its system of Government annuities, an experiment intended to make the benefits of insurance accessible to the working classes in a form differing from that adopted by the Friendly Societies. We shall treat of this system in the next

chapter, when we propose also to notice some views—at present purely theoretical—which would appear to connect it with the principle of compulsory insurance by the State, an idea which, under the influence no doubt of German notions and legislation, has of late been frequently discussed in England, but which is so alien to English character as to have no prospect of being carried into effect, however useful it is in familiarizing Englishmen with new aspects of the great question of insurance.

We will begin, then, by giving a sketch of the legislation dealing exclusively with Friendly Societies, which was consummated by the Act of 1875. This legislation has pursued a double aim: to establish the legal status and competence of these societies, and to institute a system of State supervision.*

Any one who should seek to measure the importance of this legislation, its development, and especially the extent which State supervision has reached up to the present day, simply from the single sections of the various Acts which have been passed on this subject, would form a very incorrect judgment of English Friendly Societies. Looking at these Acts alone, there is much apparently to justify the conclusion arrived at by German writers like Hasbach, who, in common with others, laments and denounces

* The most important sources of information as to the administration and working of the English Friendly Societies Act of 1875, is to be found in the annual Reports of the Chief Registrar since 1876. They contain a rich fund of statistical information, showing how the Friendly Societies have gradually submitted to the Act, and what progress has been made in the directions contemplated by its various provisions. We have made use of these reports, including that for 1886, for our account. With regard to the Act itself, Mr. Brabrook's re-edition of Mr. Tidd Pratt's earlier work contains, in addition to a good introduction, a number of valuable remarks.

For the history of Friendly Society legislation in England abundant material is furnished by the Report of the Royal Commission in 1871. The Fourth Report, Part I., Appendix No. 1, contains an historical sketch of the course of legislation, entitled "Legislation and Parliamentary Inquiries relating to Friendly Societies, and other Societies with which the Registrar is connected," written by Mr. Ludlow, the Secretary to the Commission.

I have to thank the present Chief Registrar, Mr. Ludlow, as well as his actuarial colleague, Mr. W. Sutton, for a quantity of valuable information. A small book by Mr. Francis G. P. Neison, "Legislation on Friendly Societies," London, 1871, contains also a number of important observations.

the fact that the State in England has not interfered with far more energy in the affairs of Friendly Societies, that the societies have repeatedly succeeded in Parliament in baffling any attempts at such interference, and that the progress of reform and consolidation has thus been unjustifiably delayed. But deeper-lying causes than these have dictated in reality the course of English legislation, though we are far from saying that, in the interests of the working classes, it ought not to have been more rapid, or denying that the Act of 1875 contains many halting and imperfect provisions.

We have to deal in this matter with two powerful tendencies, to which we have already referred, and which, in other matters also, have decided the course of legislation in England. On the one hand, there is the desire for independence and the jealousy of State interference, which has been an inborn sentiment of Englishmen from of old, and is a lively characteristic of English working-men. On the other hand, there is the conviction that, however strong may be the spontaneous energy of the people, the problems of modern society can never be solved on an extensive scale without some further intervention by the State. The whole of Friendly Society legislation, including the Act of 1875, has been a continual compromise between these two opposite tendencies, and can only be understood by grasping this fact. As such, therefore, it shares the fate of all compromises; namely, of being judged adversely from the most different points of view. While some critics are of opinion that Government supervision is carried too far and has tended to weaken local responsibility, others regard it as a serious shortcoming that less has been done than is necessary in bringing State influence to bear on the management of the Societies.*

* Here also we find proofs of the spirit of independence, so deeply implanted in English history and in English character. We quote a passage from a prize essay by Mr. Cowell, a member of the Mutual Providence Alliance at Leeds, written on the subject of "The Defects of Friendly Societies, and How to Remedy Them," and published in the Jackson Prize Essays on Friendly Societies, Leeds, 1885. The author says, on page 62: "The history of the past fifty years, however, has especially shown both the strength and the weakness of these systems of aid to the provident poor; and although both the one and the other have in turns been made the stalking-horse for both friend and foe to further

The result of these two tendencies is the permissive character of the entire legislation. The application of the Act of 1875 depends on voluntary registration. We have already had occasion to observe that powerful factors—such as, in particular, the working-men's orders—have ranged themselves unreservedly on the side of State supervision, and do their best to promote registration; and that the indirect influence exercised by the Registrar's office, through its activity and particularly its publications, on the non-registered societies, is steadily increasing. Thus registration is gradually gaining ground, and it may be said at the present day with confidence, that the large majority of Friendly Societies have consented to be registered.

Nevertheless, this is perhaps a fitting place to refer to the non-registered societies. A consideration of their legal status will form the best introduction to the account of the progress and present state of the legislation, whose sphere of action extends only to registered societies.

The legal position of the non-registered Friendly Societies is altogether peculiar.* In England there is full freedom of association; combinations of any kind can be formed and develop their activity unmolested by political interference. But if they wish to obtain a legal competence to act, they must fulfil, according to their respective objects, the conditions which the law prescribes for joint-stock companies, insurance companies, benefit societies, and so forth. In point of civil law this competence attaches only to those Friendly Societies which are registered.

some pet theory—chiefly of Parliamentary interference—it is now felt that the laws imposed by moral suasion are likely to be more beneficial and permanent than any other. When arbitrary authority—either local, municipal, or Parliamentary—usurps the place of voluntary effort and personal exertion, it tends to enervate the moral tone of a nation, and weaken that sense of social dignity which every man ought to encourage, but which can only be maintained by those who are least dependent upon the favours of others. Any effort, therefore, to improve and extend Friendly Societies so as to adapt them to the new influences now at work, and as far as possible so as to meet the wants of the whole body of the working classes, deserves the earnest consideration and assistance of all workers in the great social vineyard of the nation."

* See Fourth Report, p. cliii., on "Unregistered Societies," and George Howell's "Handbook of the Labour Laws," p. 163 (on Russell Gurney's Act of 1868).

The non-registered societies, while absolutely free from interference, have no corporate character; they cannot acquire or hold property, or sue or be sued as corporations. The property they hold has no statutory recognition, but is simply trust property in the hands of trustees, against whom the societies have no right of action. No member can institute a suit against them, and the authority of the arbitrators appointed by these societies depends merely on voluntary submission. But in regard to the criminal law also the non-registered societies are without protection. Up to 1868 they had no power to prosecute their officers, trustees, or members for any misuse of the society's funds, even though it was a matter of a crime, such as larceny, embezzlement, or breach of trust. A great sensation was caused at that time by a judicial decision, by which the Secretary of a Friendly Society who had embezzled £4,000 was acquitted on the ground that a non-registered society had no legal *persona standi*. By what is commonly known as Russell Gurney's Act of 1868 (31 and 32 Vict., c. 116), all associations of fellowship, although they have not the character of legal personalities, are empowered to prosecute for larceny or embezzlement any of their members wrongfully in possession of their funds. Partial as was the remedy thus provided, even the applicability of this Act to non-registered societies does not appear to be undisputed.

The legal status of the non-registered Friendly Societies is, therefore, a precarious one. Nevertheless, we know that a large number of such societies exist, and probably in Scotland, though certainly not in England, they form the majority. The funds in their possession amount to many millions of pounds; and the number of members and their relatives interested in them is unquestionably very large, although the very existence of these institutions is based simply on mutual confidence. This confirms a fact which we have had occasion to urge in our introduction. Notwithstanding the laments now so commonly expressed in England, that the old confidence in dealings between man and man is disappearing, one would seek in vain for another example of a social institution, so extensive and important as that of these non-registered societies, continuing to exist in a form absolutely unrecognised by law, and simply as a matter of personal

trust, and never failing to find an increasing number of influential advocates to plead its cause.

The immediate question is twofold: What are the real reasons why so many Friendly Societies still refuse to be registered? and What is the nature of these non-registered societies?

The objection to registration arises, no doubt, in many cases from a desire to remain free from the inconveniences of State supervision in respect of the traditional mode of management, the investment of funds in a manner not sanctioned by law, and the customary application of certain sums to dinners and festivities and other improper purposes. Many of the societies which, from these and kindred motives, renounce the advantages offered by registration, are also in a very bad position. It would be unfair, however, not to admit that many even of the non-registered societies are admirably managed, can point back to a long and honourable past, and make a pride of continuing to conduct their affairs as they have done for many years. Non-registered societies are to be found in nearly all the groups which we have described in the second chapter of this book. Most frequently they appear as dividing societies, or as societies connected with some particular branch of industry. On the other hand, there is now scarcely any working-men's Order which would not systematically further the registration of its lodges. Speaking generally, all societies with branches, and conducting an extensive business, are being gradually compelled to register; and in future it will be only the local and smaller ones—comparatively remote from modern habits of intercourse, with their demands for a security based on legal recognition and not mere personal trust—which will be able to continue as non-registered societies. Up to the present day, however, the non-registered societies still constitute, as was shown very clearly in the Fourth Report of the Commission, a class by themselves, which finds no place in official publications, and of which, though information can be gathered here and there, no one even in England can give an approximately accurate account.

As opposed to these non-registered societies, there is the growing number of registered ones. The latter enjoy, both civilly and criminally, the protection and rights of legal *personæ*. In con-

sideration of this boon, as well as from the proper conviction that a rationally conducted system of State supervision is not an obstacle but a furtherance to their growth and progress, they have submitted to that supervision by being registered, though only because it neither claims nor has the power to interfere in a petty and thwarting spirit of officialism, but desires, above all, to inform, to encourage, and to educate, and recognises in these objects its proper sphere of action. Nevertheless, even among the registered societies great difference of opinion prevails as to the necessary extent of State supervision; and any further advance in this direction can only take place slowly and gradually, since an Englishman always prefers to err on the side of freedom rather than of tutelage.

In proceeding now to describe the law of Friendly Societies, we will begin by giving a brief account of the legislation previous to the Act of 1875, which sums up the present state of the law.

1. *Friendly Society Legislation up to the Act of* 1875.

The first step taken by the legislature on the subject of Friendly Societies was an Act of 1793 (33 George III. c. 54), long known as Rose's Act. Since that time to the Act of 1875 (38 and 39 Vict. c. 60), more than twenty Acts have been passed, in which the law has been gradually developed. The characteristic position taken up by the Legislature towards these societies was shown already by the Act of 1793. This Act applied only to those societies which voluntarily consented to be registered; by registration a fixed status in law was given to societies which previously were as good as outside the pale of law, and in addition to that they enjoyed certain advantages, but were obliged to submit to supervision on the part of the State. The Act of 1793 refers only to Friendly Societies formed for raising a stock or fund for the mutual relief and maintenance of the members in old age, sickness, and infirmity, or for the relief of widows and children of deceased members. The rules of such societies were to be exhibited to the justices in quarter sessions, who were only to allow and confirm them if "conformable to the true intent and meaning of the Act," after which they were to be filed with the clerks of

the peace. Registration gave these societies certain exemptions from the stamp duties (then heavy), certain summary legal remedies against officers or amongst the members; a preferential right for the societies' claims against the estates of deceased officers, power to refer disputes to a binding arbitration, and finally the right of suing and being sued through their officers, in whom the property of the societies was to be deemed vested. From these beginnings has been built up in the course of the present century a structure of law, which was codified in the Friendly Societies' Act of 1875, and a system of State supervision has been developed, which is conducted by a State organ, as we have already seen, the Chief Registrar in London.

We will abstain from following all the phases through which legislation has passed, and must renounce any idea of describing the various changes of opinion, and the bills and proceedings in Parliament, our only object being to sketch so far the course of legislation as to explain the present law by the history of its development. This is all the more important since from the Friendly Societies, as from a parent stem, have been thrown off in the course of this century a number of vigorous offshoots, and the legal form which those societies have been made to assume has served as a type for a series of later institutions,—such as the loan societies, the benefit building societies, and more recently, the co-operative societies,—all of which have risen into importance in a comparatively short time, and while rich in independently acquired results, have essentially the same legal basis as their prototype. For all these unions for social purposes the various Acts relating to them provide for optional registration and the supervision of the Chief Registrar.

The next important step in Friendly Society legislation was the Act of 1819 (59 George III. c. 128). Between 1793 and 1819 a great number of Friendly Societies had come into existence, and the question of the calculation of premiums came gradually to the front. The Act of 1819 introduced two substantial changes in the law. Firstly, it required the justices not to "confirm and allow any tables of payments or benefits, or any rules dependent upon or connected with the calculation thereof," unless they were satisfied that the tables and rules were such as had been "approved by

two persons at the least, known to be professional actuaries or persons skilled in calculation." And secondly, it gave to Friendly Societies the privilege of direct investment with the National Debt Commissioners, on the same footing as savings banks.

In doing this, the State gave a considerable advantage to registered societies by offering them a higher rate of interest than that which was current in the market. The attempt, however, then made to introduce a real control over the actuarial business proved an utter failure. The statistical materials required for calculations of probability, and the compilation of trustworthy tables, were not yet sufficiently advanced to render possible any effective scrutiny of the tables exhibited by the Societies; and moreover, the justices at quarter sessions took too formal a view of their duty, it being stated that they contented themselves in many cases with the certificates of schoolmasters and small accountants.

In 1825 the question of Friendly Societies was considered by a select committee of the House of Commons, which was reappointed in 1827. The whole question assumed a broader aspect through the evidence then taken, and the recommendations put forward. While on the one hand it was insisted that no restraints should be imposed on the freedom of Englishmen to combine for useful purposes, and that legislation must, therefore, remain optional, on the other hand the Committee of 1825 expressed an opinion that no society should consist of fewer than 200 members, that Friendly Societies should, like savings banks, furnish periodical returns to the National Debt office in a prescribed form, and that wherever a society desired to avail itself of the Government debentures, the rules and tables should be transmitted to the National Debt office for the actuary to examine and certify, making such observations and suggestions as he might think useful. In 1829 a new Act was passed (10 George IV. c. 56), which made some important additions to the law. The first provisions related to registration. With a view to making the examination of the rules of Friendly Societies more effectual, it was enacted, after the example of the Savings Bank Act of the previous year, that societies desiring to be registered must have a transcript of their rules submitted in England and Wales and

Ireland to a barrister-at-law appointed for that purpose, and in Scotland "to the Lord Advocate, or any of his deputies," who were to subject them to a kind of preliminary revision before being confirmed, as before, by the quarter sessions, and certified as registered by the clerk of the peace. This was the first step to the establishment of a central authority for registration. Furthermore, the Act required registered societies to institute an annual audit and submit to their members an annual statement of their funds, receipts, and expenditure, and also to deliver to the clerks of the peace quinquennial returns of sickness and mortality, such returns to be by them transmitted to one of the Secretaries of State, and then laid before Parliament. Finally, the Act conferred on registered societies various legal privileges, such as allowing minors to be members, and enabling the distribution of intestates' effects under a given sum without letters of administration and to persons appearing only to be next of kin. Another Act, that of 1834 (4 and 5 William IV. c. 40), deserves notice as having extended the specified purposes for which Friendly Societies might be formed, to "any other purpose which is not illegal,"—a provision which enlarged their scope of action as well as the possibility of registration. These Acts, gave birth to two of those offshoots of Friendly Societies which we have mentioned above. The first of these were the Loan Societies, the object of which is to obtain cheap credit for the working classes, and which received a formal legal sanction by the Loan Societies Act of 1835 (5 and 6 Will. IV. c. 23). With regard to the framing, certifying, enrolling, and altering of their rules, the provisions of the Friendly Societies Acts were made directly applicable. The same was done by an Act of 1836 (6 and 7 Will. IV. c. 32), with regard to Benefit Building Societies, a peculiar kind of Building Societies, whose legal status was at first closely connected with that of Friendly Societies, but since then has been established by a series of independent enactments.

We have seen how about the middle of the present century the principles of actuarial science were largely improved by statistical and mathematical labours. The works of Finlaison, Neison, Radcliffe, and others, had thoroughly explored the entire field of insurance, once purely empirical, and the results of their labours began

gradually to exercise an influence on the management of the societies. About this time legislation also made further steps. First, an Act of 1846 (9 and 10 Vict. c. 27) introduced a material addition as regards the legal status of the societies. The "barrister or advocate appointed to certify the rules of Friendly Societies," was to be styled the "Registrar of Friendly Societies," and was to be appointed by the National Debt Commissioners, and paid henceforth by salary instead of fees. This swept away the local registration by the justices, who had not shown themselves at all suitable organs for the purpose, and transferred it to the Registrar, thus completing the centralisation of State supervision. The Registrar was required not to certify any new society unless the tables had been certified by the actuary to the Commissioners for the Reduction of the National Debt, or by some person duly approved, who had been at least five years actuary to some life assurance company in London, Edinburgh, or Dublin. With regard to the purposes for which Friendly Societies could be established, the Act contained a "Frugal Investment" clause, allowing those societies also to be registered which undertook to enable their members "to purchase food, firing, clothes, or other necessaries, or the tools or implements of their trade or calling," in warehouses belonging to the society, and thus to make frugal investments by receiving part of the profits accruing on the sale of these commodities in the shape of dividends on their shares. This clause opened out registration for the first time to co-operative societies, and thus enabled them to acquire a legal status. The famous Rochdale Pioneers were registered at that time under this clause. Very soon, however, the scope thus afforded to these co-operative societies was found to be too narrow; they increased so rapidly in importance, extent, and number, that a distinct legal status was given to them a few years later by the Industrial and Provident Societies' Act of 1852 (15 and 16 Vict. c. 31), and thus a new offshoot of Friendly Societies was completed, with which we shall deal hereafter more in detail. This offshoot led to an elaborate organization of the supply of food and necessaries to the working classes, which has become at the present day one of the most efficient instruments of their advancement, and has received a definite legal shape in the Industrial and Provident Societies' Act of 1876.

Reverting to the Act of 1846, we pass over, in this as in succeeding statutes, all details, since the law has been comprehensively embodied in the Act of 1875. We confine ourselves, therefore, to noticing those salient provisions which seem to mark distinct stages in the history of legislation. The Act of 1846 initiated, if it did not successfully carry out, an important step in regard to the affiliated societies. The large Orders, of which even then some had many hundreds of branches, and which had gradually been acquiring more importance, were previously to this Act excluded from registration, in consequence not only of the Corresponding Societies' Act (39 Geo. III. c. 79), which rendered all societies with branches illegal, but also of the Seditious Meeting Act (57 Geo. III. c. 19), which prohibited certain meetings of more than fifty persons if held without notice. The Act of 1846 now declared that the provisions of these two Acts should not apply to Friendly Societies, thus opening to the affiliated societies, at least in principle, the door to registration. Still, other difficulties prevented the admission of the large Orders within the pale of the law relating to Friendly Societies, since they had undertaken to provide for other objects besides those declared lawful by the Friendly Societies Acts, particularly for the relief of members seeking for employment, and had thus pushed their purposes beyond the then proper scope of registered Friendly Societies. When, therefore, it appearedt hat these Orders, notwithstanding the theoretical provision of the Act of 1846, were unable to register either collectively or as separate lodges, except under certain circumstances and in isolated cases, the fact led to further inquiry and proposals of legislation.

In 1850 a new Act was passed (13 and 14 Vict. c. 115), framed as a Consolidation Act. The material provisions, which were important as a further development of the law, are as follow. The benefits of the Act were limited to societies which should not insure more than £100 in one sum, £30 a year annuity, or 20*s.* a week in sickness, a limitation advantageous to the interests of the life insurance companies which competed with the Friendly Societies in the amount of their allowances. To promote registration, an attempt was made in the Act to divide Friendly Societies recognised by the law into two classes: "certified" Friendly

Societies, being those whose rules and tables had been certified by an actuary (as defined in the Act of 1846), or furnished to the society by the Registrar; and "registered" Friendly Societies, being those whose rules and tables had not been so certified. In later enactments, however, this distinction has rightly been abolished. But the most important feature of the Act was the express recognition in many of its provisions of "branches" of Friendly Societies; thus finally enabling affiliated societies to claim the protection of the law. The Act of 1850 contained for the first time the requirement, since then rigidly adhered to, that all registered societies should make annual returns to the Registrar, under penalty of being disqualified to sue. Finally, the interest payable to Friendly Societies by the National Debt Commissioners was reduced to 3 per cent., it being considered unnecessary any longer to guarantee to their reserve fund out of State resources an interest higher than that of consols.

Another Consolidation Act of 1855 (18 and 19 Vict., c. 63) is interesting, as regards the development of legislation, in more than one respect. It gives an idea of how varying in point of details has been the course of legislation, how the preponderance now of one, now of another, of those tendencies, to which we have referred, did not allow proper provisions, contained in an earlier Act, to have full effect; but how gropingly, now advancing and now receding, has been established both the law respecting Friendly Societies and State supervision. First of all, the Act of 1855 enabled Friendly Societies to extend the purposes of their insurance,* which meant a strengthening of their position as against the life insurance companies. The limitation of sick pay was omitted; the maximum of life insurance was fixed at £200. The distinction between "certified" and "registered" societies generally was swept away, and all fees for registration were abolished.

* These purposes had been limited since the Act of 1819 to those "of which the probability may be calculated by way of average." This limitation, as Mr. Ludlow points out, had been cumbering Friendly Society legislation ever since, "inasmuch as the progress of statistical science is every day restricting the range of contingencies which are not so calculable, and tends to induce the belief that the law of average would be of universal application, wherever a sufficient number of instances could be procured." (Fourth Report, Appendix I. p. 8.)

Friendly Societies were empowered to purchase, hire, or lease any building or land (not exceeding an acre) for erecting thereon a building for holding their meetings. The requirement of annual returns from registered societies to the Registrar was still, with a slight alteration, retained, though, strange to say, the penalty for not sending in these returns was omitted, although the omission has since been cured.

In 1857 began the publication of the yearly reports of the Registrars of Friendly Societies for the preceding year, in compliance with the Act of 1855. They form an unbroken series of official records, equally valuable from the statistical material they contain as from the influence they have had on public opinion, and on the various Friendly Societies themselves. We have noticed already the instructive labours of the then Registrar, Mr. Tidd Pratt. Since then, however, as regards the arrangement of the material, the grouping of figures, and the enunciation of fundamental principles, these annual reports of the Registrar's office have considerably improved, and rank now among the best compiled Parliamentary reports.

In the long interval between 1855 and 1875, putting aside some less important Acts, such as those of 1858 (21 and 22 Vict., c. 101) and of 1860 (23 and 24 Vict., c. 58), no change was made in the legal status of Friendly Societies. All the more important, however, about this very time was the internal development of these societies. Reforms in many directions, which had been prepared at an earlier time, were now vigorously promoted, and the improvments in the system of insurance, in the mode of management, and in the investment of capital, have been, as we have seen, extremely marked. While the legislature, therefore, made a long pause, other incentives to progress were actively at work, and this period must be considered as having been fully occupied with the task of reform in the self-governing societies, which continued to labour consistently and quietly in improving their tables, removing abuses, and perfecting their management. No doubt this spirit was not everywhere equally powerful; many societies lagged behind, or broke up during this period, and others dragged along with them their errors and abuses, but in a large number a decided change for the better set in, and it was the great Orders

in particular, among them always the Manchester Unity and the Foresters, who improved their organization, and took the lead. Ultimately, the Government, after several bills had fruitlessly engaged the attention of Parliament, initiated a step which did more than any bill to further the cause of Friendly Societies, namely, the appointment of a Royal Commission to inquire into all questions connected with these societies, with the view of being able to legislate with safety on the basis of their conclusions.

The proceedings of this Commission, with the evidence and recommendations contained in its reports, not only enabled the preparation of a comprehensive bill, but produced an immediate practical effect, which deserves especial notice. Evils of various kinds, and frequently of a gross character, were discovered and unsparingly exposed; the results of good and bad management were made apparent; clear proof was given of the blessings afforded by well-conducted societies, and on the other hand, no concealment was made of the mischief caused by negligence or actual dishonesty to those who had wasted their confidence on bankrupt concerns. By these means a rich fund of information was supplied, which was turned to good account by the press and public discussion, and while morally strengthening those societies which were striving after reform, broke the opposition which proceeded from thoughtless defenders of existing evils and abuses. It is certainly not too much to say, that this Commission, to whose valuable labours we have so frequently had occasion to refer, exercised more influence from the publicity of its proceedings, its unsparing truth, and lastly, by the admirable digest of evidence in the report drafted by its secretary, Mr. Ludlow, than many an earlier Act of Parliament.

As was to be foreseen, the reports of the Commission excited again the liveliest discussion as to the necessary extent of State supervision. The Commission made a series of recommendations, which we will endeavour briefly to review, since they may be regarded as the deliberate opinions, based on facts brought before them, of men thoroughly conversant with the subject, who, while fully respecting the spirit of independence, nevertheless thought it necessary to advocate an effective system of supervision by the

State. These recommendations, however, were only partially embodied in the Act of 1875.*

The Commissioners did not hesitate to affirm that the notion of a compulsory State supervision of all the English Friendly Societies would encounter general opposition. They took their stand, therefore, on the ground of optional registration; but for the registered societies they sought to carry out a strict State supervision, as well as certain settled principles of insurance and management. Their recommendations may be grouped under four heads. They relate to registration and the official duties of the Registrar, to the directions regarding the actuarial basis of the societies, to the principles of management, and to a number of miscellaneous details.

With regard to registration and the powers of Registrars, the Commissioners were of opinion that the whole country should be divided into a certain number of registration districts, with a Deputy-Registrar in each, at whose offices the rules, tables of premiums, annual returns, and balance-sheets of the various Friendly Societies should be collected for public inspection. The District Registrar had to see whether the conditions of registration were fulfilled, subject to an appeal to the Chief Registrar, and from the Chief Registrar himself, on legal points, to a court of law. The office of the Chief Registrar was to be an important one. He was to supervise all registered Friendly Societies, prepare and publish tables of premiums, and compile proper statistics. He was to have more effective powers to prosecute dishonest or negligent officers of Friendly Societies, to have authority, on the application of a certain number or prescribed proportion of members, to appoint inspectors of accounts and to call special meetings of societies, and to make a binding award either for the dissolution of the society, or for the adjustment of contributions

* They are printed in the Fourth Report, p. ccxiii., and those of the minority on p. ccxvii. We cannot here enter at length into the extensive discussion to which these recommendations gave rise in the press, in periodicals, and in various publications. An excellent paper on the advantages of registration, as well as the disadvantages attaching to it, in consequence of the Act of 1855, is written by Mr. Charles Cameron in the "Transactions of the National Association for the Promotion of Social Science, 1874," entitled, "What Legislation should follow upon the Report of the Commission on Friendly Societies?"

and benefits. To his central office in London were to be attached one or more Assistant-Registrars, and a competent actuarial staff.

With regard to insurance, the recommendations of the Commissioners were twofold. As to the tables of premiums, they declined to recommend the compulsory introduction of tables compiled or approved by the Government, but they suggested that the Chief Registrar should cause the tables prepared by him, which were to be adjusted as closely as could be to the different requirements of the societies, to be made as accessible as possible to the societies, and to promote their adoption by his moral influence. The Commissioners rightly laid great stress on the compulsory introduction of quinquennial valuations, the importance of which we have already explained in full, and which, as we know, have now been enacted by law.

With respect to the management of Friendly Societies, the Commissioners laid down in the first place the principle, that the "management fund should be kept distinct from the benefit fund." Their investigations had brought to light serious evils in this respect. They recommended further that every registered society should be bound to have its accounts and balance-sheet audited every year by a competent auditor, who should also be responsible, under penalties, for superintending the proposed limitation of investments. Among the recommendations on separate questions of detail, it may be mentioned that the Commission suggested that the law should be so amended as to remove the restrictions which then practically excluded the dividing societies, and also the affiliated orders, from registration. They recommended, further, certain restrictions on the insurance of burial-money for children, and also the grant of facilities for acquiring land for the societies, etc.

A minority of the Commissioners proposed to go further as regards the influence of the Chief Registrar on the actuarial part of the question, and made recommendations aimed at guaranteeing as far as possible the accuracy of the tables used by the societies.

How far these labours of the Commissioners formed the basis of the Act of 1875, in what form and with what limitations their recommendations reappeared in that Act, a short review of its most important provisions will enable us to see.

2. *The Friendly Societies' Act*, 1875 (38 and 39 Vict., c. 60).

We are aware that the Act of 1875 extends only to Friendly Societies which have voluntarily applied to be registered. For the purpose of registry, they must conduct their business within the objects declared admissible by the Act, conform their rules and management to its provisions, and permit the exercise of a control which may even be a direct interference in their existence, in return for which the Act secures to them a number of powers and facilities.

We will sum up in the following remarks the essential provisions of the Act.

(1) The Act applies to what are termed in it Friendly Societies. All such societies can be registered under it which are established to provide by voluntary subscriptions of their members, with or without the aid of donations, for the following objects, viz.:—

(*a*) For the relief or maintenance of the members, their husbands, wives, children, fathers, mothers, brothers or sisters, nephews or nieces, or wards being orphans, during sickness or other infirmity, whether bodily or mental, in old age (which shall mean any age after fifty) or in widowhood, or for the relief or maintenance of the orphan children of members during minority.

(*b*) For insuring money to be paid on the birth of a member's child, or on the death of a member, or for the funeral expenses of the husband, wife, or child of a member, or of the widow of a deceased member, or, as respects persons of the Jewish persuasion, for the payment of a sum of money during the period of confined mourning.

(*c*) For the relief or maintenance of the members when on travel in search of employment, or when in distressed circumstances, or in case of shipwreck, or loss or damage of or to boats or nets.

(*d*) For the endowment of members or nominees of members at any age.

(*e*) For the insurance against fire to any amount not exceeding fifteen pounds of the tools or implements of the trade or calling of the members.

The provisions as to registry extend, further, to a number of societies not immediately connected with the objects of Friendly Societies, such as cattle insurance societies, benevolent societies, and working-men's clubs, and to societies for any purpose which the Treasury may authorize as a purpose to which the powers and facilities of the Act ought to be extended. To these working-men's clubs we propose to revert when we come to the second volume of our work.

The above provisions, which are taken verbatim from the Act (Sect. 8), trace the limits of working-men's insurance very wide. They allow registered Friendly Societies to extend sick (including accident) insurance to members' husbands, wives, and relatives, and to make provision not only against old age and disablement. but for the relief of members' widows and orphans. We have already seen that the extension of the definition of "sickness" to cases of chronic illness, made sick insurance include to some extent infirmity. Furthermore, in addition to burial insurance, these societies are allowed to insure the lives and funds of their members, in order to secure a sum of money to the working-man's family, either on the birth of a child, the death of the member himself, or one of his family, or as a portion on the marriage of his son or daughter. To this are added the insurance of the members' tools or implements of trade, and for his relief or maintenance "in distressed circumstances," which scarcely come within the strict limits of actuarial insurance, and in reality are based upon the levy system, though they strikingly exhibit the spirit of brotherhood prevailing in the English Friendly Societies. In tracing these limits, however, the Act has simply recognised all the functions of the different societies. No doubt even the best organized societies scarcely fulfil all these functions; but the latter indicate, nevertheless, the extent to which the great task of working-men's insurance has been inaugurated in England, by means of the parallel action of different societies, and its realization thus brought all the nearer. The Act leaves, of course, each society to decide how far it will fulfil this practical maximum of working-men's insurance,—whether it will provide for only one or all of these objects of insurance, whether it will be constituted as a separate society or as a lodge belonging to a larger union,

and whether it shall be established permanently or only temporarily. Nevertheless, the Act imposes on registered societies certain maximum limits in respect to the amounts insured.

We have already once mentioned that the amounts of insurance for registered Friendly Societies have been limited by law, the intention being to separate entirely their business from that of the other insurance companies, and restrict it to sums corresponding to the manner of life of the working classes. Accordingly, the gross sum insured is not to be more than £200, and the annuity more than £50 a year, which includes all sums received from "any one or more such societies." The life of a child under five years of age cannot be insured for more than £6, and that of a child under ten for more than £10.

(2) The duty of registration is now vested in the Chief Registrar, who has one or more Assistant Registrars for England, and another Assistant Registrar for Scotland and Ireland respectively. In addition to this, a skilled actuary is attached to the office; he attends to the actuarial part of the business and assists the Chief Registrar, who must be a barrister of not less than twelve years' standing. This staff forms, together with the necessary clerks, the Registry Office. To obtain registration, a Friendly Society must fulfil a number of conditions.* It must consist of seven persons at least, and its tables, if it grants annuities, must be certified by a Government official, either the actuary to the National Debt Commissioners, or some actuary approved by the Treasury. In the event of the Registrar either refusing to register a society or cancelling or suspending its registry, an appeal lies open to certain courts of law. The Act removes all impediments to the registration of the various branches either of lodges or of the affiliated societies; nay, it goes farther, and with a view to avoiding the expense and trouble of registration by branches, allows Friendly Societies with branches to be registered as entire societies, provided they have a fund under the control of a central body, to which every branch is bound to contribute. The Act of 1876 (39 and 40 Vict., c. 32) provides still further facilities for the registration of branches.

* Section 11 of the Act.

The rules may, of course, differ according to the objects and organization of the society; but they must state in all cases the name and place of office of the society, the whole of the objects for which the society is established, the purposes for which the funds are applicable, the terms of admission, the conditions entitling to benefits, the fines imposed on members, the mode of holding meetings, and certain details as to management and the investment of the funds, and also provide for the keeping of the accounts, the yearly audit of accounts, and the settlement of disputes between the society and its members. They must, further, make provision for the preparation of annual returns to the Registrar of the receipts, funds, effects, and expenditure and number of members, and not only enable any person interested in the society to inspect its books, but also insure to a certain number of members the statutory right to apply to the Chief Registrar for an investigation of the affairs of the society, or for winding up the same.

The guarantees, therefore, of solidity and stability required by the State as a condition of registration, consist in the rules and tables of premiums being made conformable to law.

As regards the results of registration up to the present day, the first question, considering its permissive character, is this: Do the Friendly Societies make use of their right to apply for it? Are they gradually regarding their admission into the pale of law as an advantage? Are they overcoming the fear of State control? and do those societies which have accepted this control, together with the corresponding privileges conferred on registered societies by the Act of 1875, exhibit that progress after which they are striving? No satisfactory answer, in point of figures, could be given to this question, unless the total number of *all* the Friendly Societies were known. As to this total, however, there are only approximate estimates, of which we have already mentioned that which was made by the Commission in 1874, which gave 32,000 for England and Wales. But even the number of registered societies out of this total cannot be ascertained with exactness, there being always a number of societies on the register which have ceased to exist. The annual reports of the Chief Registrar merely show the number of societies registered

every year. From 1876 to 1886, the total of all the Friendly Societies admitted to registration amounted yearly to between 959 and 2,767. In addition to this, there were every year the applications under the Act of 1875 for the registry of alterations in the rules, which may be regarded altogether as a decidedly favourable movement in the sense of progressive registration.* With regard to the total number of Societies on the register, the report of the Chief Registrar for 1884 states that at the end of 1883 there were registered between 13,000 and 14,000 independent Friendly Societies,† and between 11,000 and 12,000 branches. The strongest movement in favour of registration is inside the large working-men's Orders. All newly established lodges have to be registered, and the central body does all it can to induce the old ones to do the same. Of the lodges of the Manchester Unity and the Foresters, numbering in each Order over 4,000, full two-thirds have already been registered.

(3) The State supervision established for the registered Societies by the Act of 1875 may be comprehended under two points of view.‡ In the first place, a series of provisions insures the full publicity of their arrangements, with a view not

* The progress of registration since 1877 may be gathered from the following table, taken from the reports of the Chief Registrar for the respective years:—

Year.	No. of Newly-Registered Societies.	No. of Newly-Registered Branches of Affiliated Societies.	Including Lodges of		No. of formerly Independent Friendly Societies and now Branches of Registered Societies.	Total.	No. of Registered Alterations of Rules.
			The Manchester Unity.	The Foresters.			
1877	182	127	17	20	775	1084	1534
1878	170	337	28	37	1709	2216	2520
1879	173	616	57	60	1978	2767	3100
1880	173	558	39	61	1522	2080	2895
1881	168	547	66	50	1044	1759	2580
1882	149	478	47	75	811	1438	2312
1883	159	551	35	55	562	1272	1970
1884	165	485	47	70	535	1185	2267
1885	198	807	45	48	367	1372	2104
1886	186	504	38	39	269	959	1997

† Compare Mr. Brabrook's estimate (p. 163 above) of the number of independent Societies, an estimate based on the returns sent in.

‡ Compare Sections 14 and 24 *sqq.* of the Act.

only of giving a sufficient insight to the Chief Registrar, but also of enabling the members themselves to satisfy themselves as to the course of business and the management in general. In the second place, the Chief Registrar is authorized and bound to intervene either on the demand of a portion of the members, or by virtue of his office, whenever the society commits irregularities or breaches of the Act.

With regard to the first point, every Friendly Society is bound to notify to the Registrar where its registered office is situated, it having formerly been the case—particularly with societies whose relations with their members are conducted through agents—that the members of a society never knew where the office was. The society is bound, further, to appoint one or more trustees, and to send a copy of the resolution appointing them to the Chief Registrar. Once at least in every year a society must have its accounts audited and verified, either by a public auditor appointed as in the Act, or by two or more persons appointed as the rules of the society provide. Every society has to send in three kinds of reports to the Chief Registrar, namely, an "annual return," a "quinquennial return" of the sickness and mortality experienced by the society during the previous five years, and a "quinquennial valuation" of its assets, liabilities, etc. Since 1881, however, the "quinquennial returns" have been dropped. The annual return has to be sent in before the first of June, and must contain a statement of the receipts and expenditure, and funds and effects, as audited. This statement must show separately the expenditure in respect of the several objects of the society, and be accompanied by a copy of the auditor's report, if any. If the audit has been conducted by a public auditor, it is sufficient to give his name; but if by any other person, his address and calling or profession must also be stated. The returns must be given in a form prescribed by the Chief Registrar. If any registered society fails to send in any such return, or "wilfully refuses or neglects" to furnish any information required by a registrar for the purposes of the Act, or wilfully furnishes any false return or information, or does anything forbidden by the Act, it is liable to a penalty as an ordinary offence of not less than £1, and not more than £5, recoverable at the

suit of the Registrar, or of any person aggrieved, in a Court of summary jurisdiction. The penalty may be increased to £50, if any false entry, erasure in, or omission from, any balance-sheet, or collecting-book, or return be wilfully made, with intent to falsify the same, or to evade any of the provisions of the Act. Every society is bound to allow any member or person having an interest in its funds to inspect the books, and to supply him gratuitously, on his application, with a copy of the last annual return.

The direct intervention of the Chief Registrar in the affairs of Friendly Societies takes place in the following cases: Correspondingly with the right as to registration, and, therefore, as to the admission of a society to the provisions of the Act, the Chief Registrar is empowered, if satisfied by proof that the registry has been obtained by fraud or mistake, or that a society exists for an illegal purpose, or has wilfully violated the Act or ceased to exist, to cancel the registry. In the same cases he may, instead of cancelling, suspend the registry for any term not exceeding three months, not less than two months' previous notice of such cancelling or suspension being given to the society, and published in the *Gazette* or in some newspaper circulating in the county in which the society's registered office is situated. A society may appeal to the courts, as provided in the Act, from such cancelling or from any suspension of the registry which is renewed after six months. Further, upon the application of a minority, consisting of one-fifth of the whole number of members of a registered society, or of 100 members in the case of a society of 1,000 members and not exceeding 10,000, or of 500 members in the case of a society of more than 10,000 members, the Chief Registrar may, with the consent of the Treasury, either appoint inspectors to examine into the affairs of the society, or call a special meeting and direct what matters shall be there discussed and determined (Sect. 23).* He

* These inspections bring to light even now incredible abuses. Thus the Chief Registrar, in his annual report for 1881, says as follows with reference to the inspection of one of the Friendly Societies:—

"The management of the Society appears by the inspector's report to have been far from satisfactory. The books had disappeared, and the late secretary

may also prosecute officially any person who obtains by fraud or witholds or misapplies any property of the society (Sect. 16). The Chief Registrar has also very distinct powers with respect to the dissolution of a society. Many of these societies in earlier times had dragged on an existence for years, although their funds and contributions were too small to be able permanently to meet their liabilities. The later the inevitable break up ensued, the more mischievous and grievous it became as regards the older members of the society. The Act now gives the Chief Registrar the right, on the application of a minority (constituted as above in the case of inspection) setting forth that the funds of the society are insufficient to meet the existing claims, or that the contributions are insufficient to meet the benefits assured, to investigate, either by himself or by any actuary or public auditor, the affairs of the society, and if satisfied that such insufficiencies exist, he may, if he considers it expedient, award that the society shall be dissolved, and its affairs wound up, giving nevertheless not less than two months' previous notice to the society in question. The Chief Registrar may suspend, however, his award for such period as he may deem necessary to enable the society to make such alterations as will prevent the award of dissolution being made. Every award, however, when once made, is final and conclusive. Notice of every award for dissolution must be duly advertised in the *Gazette* or county newspaper, and the society is legally dissolved from the date of such advertisement (Sect. 25). In the case of the more recently established societies,

'suspected they had been stolen from the Club box, which had been broken open.' He entirely repudiated the balance-sheets, as not representing the accounts which he had prepared. A trustee, one of the applicants, could neither produce any books nor supply information about the accounts. None of the members were able or willing to account for the disappearance of the books. According to the published statements, as examined by the inspector, there was a balance unaccounted for of £537 3*s*. 1*d*. A new Committee had, however, been appointed, with a fresh staff of officers, and it appeared to be the general feeling that it would be unwise and almost impracticable to institute proceedings against the secretary or any other members. The inspector thought it only justice to the members to state that they were principally agricultural labourers, and quite incapable of managing or checking accounts" (p. 25).

whose tables have been compiled on the basis of new experience and scientific investigation, and whose rules correspond to the requirements of rational management, the Chief Registrar is seldom, indeed, called upon to make use of these powers, but there still exist societies of earlier date, whose bad and partly mischievous condition has been exposed by these very later advances in actuarial science, and as regards these, legislation in England has not hesitated to empower an organ of the Government to put a summary stop to abuses.

Let us glance now at the results of this State supervision.

The annual returns are intended to enable the Chief Registrar to control the financial arrangements of the societies. Experience shows, in this matter, how difficult it is to bring institutions under discipline, which have grown up in absolute independence, and how reluctantly they submit to inspection and regulation, and yet how necessary, under certain circumstances, such controlling authority becomes. More than ten years have now elapsed since the Act of 1875, which required these annual returns to be compiled in a prescribed form, and the results obtained may be summed up by stating that, while a wholesome effect has been produced by these returns, so far as the Chief Registrar has succeeded in obtaining them, it has been impossible to obtain them in even approximately full numbers. A few details will suffice to show how difficult it is to make head with a reform of this kind in opposition to institutions founded on self-help, and how the chief efforts must be centred on inoculating them with certain sound principles, as guarantees for a good administration. These details will, perhaps, convince many persons, who might be inclined, from a Continental point of view, to condemn English government as feeble and defective, and English legislation, on account of its tardy intervention, as timid, that to the State in England, which has no subordinate administrative machinery, in the sense of that existing elsewhere, but has to keep touch with thousands of institutions through the medium only of central departments, correspondence, and, perhaps, also inspectors, one course alone is open, namely, to strive by degrees, but with inflexible consistency, to bring about in these self-governing societies a change of views, a higher sense

of duty, and a keener perception of their own interests; in a word, to work for moral results and renounce all idea of that precision of administrative mechanism which is frequently attained in bureaucratically-governed States, but is frequently merely superficial. Whoever, therefore, judges of the data furnished by the Chief Registrar's reports from 1876 to 1884, from the standpoint of a stiffly organized civil government, will no doubt be much disappointed at the statistical results, and yet the Act has not failed to supply a lever for effecting much useful improvement. In 1876, the first year after the passing of the Act, which sharpened the provisions respecting these annual returns, the number sent in by the registered societies in England and Wales was 11,282, leaving 14,805 in arrear. In the next year the proportion somewhat improved, 12,338 societies having sent in returns, against 12,896 which failed to do so. After that, the number of societies which complied with the statutory requirement increased but slowly, and the Chief Registrar stated * that during the quinquennium 1875–80, the proportion which sent in their returns regularly amounted to only 21 per cent. of all the registered societies. In 1883 the number of returns rose to 14,545. On this point, also, the affiliated societies have been the Chief Registrar's allies. In 1884 no less than 70 per cent. of all the registered branches sent in returns, the lodges of the Manchester Unity having sent in 2,182 out of a possible total of 2,681, and the Foresters as many as 2,518 out of 2,669. Some of the smaller Orders exhibited no arrears. These results have been attained through the action of the central bodies, which ordered the lodges of the Order to send in the returns, and then forwarded them to the registry office. This action has had a good effect as regards also the quality of the returns, which at first, after the passing of the Act, were decidedly bad. In 1876 the Chief Registrar had to return for correction 5,000 out of the 11,282 returns received during that year. He states that the returns were found to be so imperfectly filled up, that it was impossible to reduce them to any satisfactory degree of correctness. Of those received, even after many of them had

* "Report for 1882," p. 7.

been sent back for correction, less than two-thirds were in proper form. In a vast number of cases no attempt was made to fill up the inner pages of the sheet containing the amounts of receipts and payments for benefits and management, but only the front page, stating the number of trustees, number of members, etc. In some instances it was candidly stated that the accounts had not been audited. In one case a clergyman, sole auditor to a society without treasurer or trustees, sent in a return, including a balance-sheet, only filled up as respects the assets, and with a note written on it showing that he had not the most remote conception of what a friendly society's balance-sheet meant. The means suggested by the Chief Registrar for remedying these defects, are first, the liberal diffusion of information on the subject; second, a sufficient staff at the registry office to carry out fully the work of examination and correspondence with the societies for the amendment of their returns, and third, the systematic prosecution of societies which refuse or do not care to fulfil the requirements of the law. This last means of remedy is one which he employs to some extent every year, but it is obviously impossible to prosecute all societies in arrear. The last few years show an average of only 41 prosecutions a year, most of which, however, were successful. Wherever a conviction was obtained, it always produced some local effect, and the Chief Registrar accordingly made a practice of selecting the worst cases, for the sake of setting an example where most required. From 1878 inclusive, the quality of the returns improves, though as many as 2,287 in 1881, and 2,484 in 1882, had to be sent back for correction. The Chief Registrar qualifies, however, these high figures by observing that the examination of these returns in the registry office had become much more strict. "This examination," he says, in his Report for 1880, "though it is not and cannot be an audit, has had the best of consequences in improving both the book-keeping of societies and the auditing of their accounts, and in checking illegal misapplications or investments of funds." At the same time he laments that, in spite of all his efforts, a very large number of societies and branches still failed every year to make their annual return.

Of the greatest importance, as regards the calculation of future tables of premiums and the revision of those actually in use, is the compilation of the "quinquennial returns" of sickness and mortality, as required by the Act of 1875. More than 10,000 of these returns were sent in between 1871 and 1875, and the Chief Registrar speaks of many of them as very able productions. Since then the Friendly Societies (Quinquennial Return) Act of 1882 (45 and 46 Vict., c. 35) has discontinued the compilation of further returns, on the ground that those already sent in had furnished the necessary materials. The Chief Registrar says of them in his Report for 1881 as follows:—

"Results of the highest accuracy and importance, some perhaps at present unforeseen, may be expected from the scientific treatment of so vast a body of data, the equivalent to which may very probably never be again collected; and the Chief Registrar ventures to hope, in the interest of Friendly Societies and of the industrious classes generally, that means will be supplied, in no niggardly spirit, for the carrying out of a work, the maximum cost of which will probably not reach that of a single piece of ordnance of the largest calibre" (p. 6). His expectation has been fulfilled, and the statistics of sickness and mortality in Friendly Societies, embracing upwards of *six million risks*, has been begun, and the first volume already published. When this work is once completed, and the experiences thus collected are made accessible in the practical form peculiar to Englishmen, we may anticipate a further strengthening of the actuarial basis of the societies.*

The most important returns, however, which the Friendly Societies have to send in to the Chief Registrar are the quinquennial valuations of assets and liabilities. Their practical value, as regards the societies themselves, consists in their compelling them to subject their financial position to strict actuarial examination, and in this respect they constitute one of the most effective instruments of reform, by the pressure they exercise on the societies to

* This official publication (817 pages folio) contains a statement of the experiences of sickness and mortality in registered societies between 1855 and 1875. It is entitled "Abstract of the Quinquennial Returns of Sickness and Mortality experienced by Friendly Societies for the periods between 1855–1860, 1860-1865, 1865–1870, and 1870–1875 respectively. Part I., 365. Session 2, 1880."

"put their houses in order." In addition to this, however, they supply the means of testing generally the position of these societies, both from a financial and an actuarial point of view. The results furnished by the first quinquennial valuations under the Act of 1875 give a picture of this position.*

Let us look first at the figures. To begin with, we must repeat that many of the registered societies had not sent in their returns, so that the totals relate only to a portion. On the other hand, many of them, including all dividing and burial societies, are dispensed from the requirement of the Act in this respect, on the ground that their business involves either very simple calculations

* The first quinquennial valuations of the Friendly Societies were published in 1883, in a Blue-book of 1185 pages, consisting of two volumes, and entitled "Reports of the Chief Registrar of Friendly Societies for the year ending 31st December, 1880. Part II. (A) and (B). Part A gives in a tabulated form the registered number, name, and registered office of each society, its date of establishment, number of members, total assets, and total receipts and expenditure for 1880. Part B gives the date of valuation, rate of interest per cent. (*i.e.*, as used in valuation and as realized), amount of funds, present value of benefits and contributions, other liabilities and assets, if any, and surplus or deficiency.

These tables, although not including all registered societies, are a marvellous example, in the case of many thousands of them, of making their financial status public. People in England have not been afraid to lay bare their position, as far as materials could be obtained, in the proper hope and expectation that this very publicity would be the surest and most effective stimulus to reform. Every detail has been fearlessly exposed, and so far from any fears being entertained as to the consequences of this exposure, it has been regarded as something perfectly natural. This investigation and compilation has enabled the Registry Office to obtain a comprehensive view of the subject in a manner beyond the reach of Continental Governments, and has achieved a work from which all Governments which are confronted with the task of creating a new basis for existing but financially unsound institutions, ought to take example. As to the number of valuations sent to the Chief Registrar's office every year according to the Act, there is a marked increase, comparing the result of the second quinquennium after the Act with the first. There were received in—

1876	8 valuations.		1881	4,856 valuations.	
1877	18	,,	1882	3,755	,,
1878	40	,,	1883	2,930	,,
1879	948	,,	1884	1,448	,,
1880	3,542	,,	1885	2,802	,,
	4,556			15,791	

The number of valuations received in 1886 was 3,209.

or none at all. Bearing these facts in mind, the tables in question give an admirable insight into the slowly but steadily progressive consolidation of the Friendly Society system. As regards England and Wales, the valuations are given of 6,567 societies. Of these 1,537 show funds amounting in all to £4,002,070, with a surplus of £885,382. On the other hand, 5,030 societies, with funds amounting altogether to £4,378,781, exhibit larger or smaller deficits, the total of which is no less than £5,155,816. From Scotland, where relatively fewer societies are registered than in England and Wales, 247 valuations are returned, 78 of which show a favourable result, being in fact a total surplus of £84,362, while 169 exhibit deficits amounting in all to £158,792. In England, therefore, one-fourth, and in Scotland one-third, of these societies are in a very favourable position, even more so than the strict requirements of actual solvency demand; while three-fourths and two-thirds respectively do not appear, judging actuarially, to be within the limits of these requirements.*

* Mr. William Sutton, in his evidence before the Select Committee of the House of Commons in 1885, on National Provident Insurance (of which we shall have to speak hereafter), gives the following opinion as to the extension of actuarial knowledge. Question 1829: "Under the Friendly Societies Act, as it at present stands, registered Friendly Societies are required, as business concerns, to make to the Registry of Friendly Societies' Office audited annual returns, and every five years to make valuation returns, the latter serving to show whether they are likely or not, in the future, to be in a financial position which will enable them to meet all the claims upon their funds. On this matter I should like to say that during my nine years at the Friendly Societies' Office, and having had the proud privilege of first carrying out the actuarial duties of that office, I am pleased to say that I see now a much better prospect in the future. It is remarkable in the course of those nine years how a more or less accurate and extensive knowledge of actuarial matters has become diffused among the leading spirits connected with the Friendly Society system." And in Question 1831 he repeats this opinion, in speaking of periodical valuations, though he admits that the Registrar's Office has still to contend with much ignorance and opposition. "Speaking from my official experience," he says "I have no hesitation in saying that in many respects the working of the Act has been highly satisfactory. If it has done nothing else, it has gone far towards impressing upon societies that they are business undertakings, to be conducted on business principles. The all-important provision as to periodical actuarial valuations was, it should be remembered, previously only known to lodges of the Manchester Unity and a few well-managed societies, and the requirement of the Act was to the vast majority of societies an entirely new departure. A

These results afford a basis for forming an opinion as to the movement of reform recently set on foot inside the Friendly Societies. Far as these societies are, as a whole, from having attained actuarial solvency, a substantial advance has been made as compared with the time when it was said with truth that scarcely a Friendly Society in England was solvent. This progress, speaking generally, has been made within the last twenty-five years, and the not inconsiderable number of societies which in 1883 were not only fully solvent, but in possession of a surplus, were the fruit of the efforts which the societies themselves have made, and which we have described above. We readily admit that this result in itself seems modest, considering the deficits that burden the majority of the societies; but, nevertheless, it derives importance from a number

large number of societies have faithfully complied with the Act without any pressure being put upon them, and another large number have complied with the Act with more or less willingness. Societies appear to be slowly, but surely, recognising the fact that periodical valuations are intended to be for the benefit of the members, and for the information of intending members. In connection with this remark, I thought it might interest the Committee if I brought with me a letter which is only one of thousands, I might say, that one has received on the subject of valuations. That letter came to the office yesterday. It is addressed from the Tideswell General Funeral Society, wherever that may be, to the Chief Registrar of Friendly Societies: 'Sir, I am requested by decision of the trustees and committee of management, at a meeting held at the office of the aforesaid society on the 11th day of July, to write you the following resolution; viz., That it is the unanimous opinion of the said trustees and committee that to have a certified actuary to value the assets and liabilities of the society would only mean a waste of so much of the funds of the society. We have no property of any description, our funds consisting in money, the amount being £234 8*s.*; invested in the Sheffield and Rotherham Bank the sum of £231 4*s.* 10*d.*; in treasurer's hands, £3 3*s.* 2*d.*; members' total, 70. We therefore hope that you may be able to see your way to register the amended rules as presented to you.' Now that is an interesting instance of the difficulty that our Chief Registrar mentioned in his evidence of diffusing information. Year after year pamphlets and announcements of all kinds have been sent to nearly every society by our office, and here, nearly ten years after the passing of the Act, we have a letter of that kind; and that is only one of hundreds. Sooner or later they will see that it is for their own interest that these valuations should be as well made as actuarial skill can make them. At present there is in the great majority of cases a desire, not altogether without explanation, to look upon making valuation returns as a troublesome duty imposed by the Act, to be got over at the least expenditure of trouble and money."

of concomitant circumstances to which we have already referred. We have seen, for instance, how the statistical and actuarial conditions of reform are becoming more and more reliable, and being gradually more widely made known and applied. We have seen, further, how the necessity is being more generally recognised of obtaining for societies based on voluntary membership a rational system of premiums and reserves instead of the obsolete system of levies. And lastly, we have seen how the *will* to achieve these reforms is growing stronger, and entitling one to assume that it will gradually surmount the barriers interposed by indolence and apathy. We might point again to the consolidation of the Manchester Unity, as an example of what these elements of progress can achieve. The other large Orders have followed resolutely in its footsteps, and it is not too sanguine a prophecy to make that the remaining societies also, including even those which are not registered, will eventually, if more tardily, do the same. Speaking of this movement, however, as an unprejudiced observer, we would repeat a remark already made in our introduction with reference to working-men's associations in general. Their financial basis and financial consolidation directly depend on the wage question and the favourable or unfavourable state of things as regards production. The high and constant wages at the beginning of 1870–1880 gave a powerful impulse to Friendly Societies; any permanent state of depression in production would decisively check their progress, nay, actually make it go back. If, therefore, a new statement of the results of valuation shall be made in future years, it will not only enable us to see how far these societies will have had the capacity and consistency to pursue the course begun, but will form a mirror of the economic relations of England, and a means of testing whether and to what extent institutions based on voluntary self-help, and drawing their resources entirely from the working-men's pockets, will have been able to pay their further way.

It remains to mention a few facts, showing how far the Chief Registrar has made use of his power to interfere directly in the affairs of Friendly Societies by cancelling or suspending their registry, appointing inspectors, summoning special meetings, and issuing his award of dissolution. Every year there are a certain

number of cancellings (there were eleven in 1884) and suspensions, mostly on the ground that the society had not sent in the required valuation. In 1883 the registry of 75 societies was suspended. The reports of the last few years show further that every year some inspections into the financial state of a society, or into cases of alleged mismanagement, are applied for to, and granted by, the Chief Registrar. These inspections frequently bring to light gross abuses. Occasionally also the Chief Registrar receives an application to summon a special meeting, the cause being not unfrequently some petty quarrel in the society. But in both these cases the power of the Chief Registrar is limited to causing an investigation to be made by an impartial person appointed by himself, and determining which party has to bear the cost. He can further summon the special meeting and appoint the business of the day. If he finds that no breach of the law has taken place to occasion any further proceedings, his jurisdiction ceases. By these means, however wanting they may seem in respect of vigorous and searching authority, the minority of a society are enabled to obtain a clear decision through the investigation of the point at issue, or to bring the matter to discussion at a special meeting. In both these respects the interests of the minority are thus protected. Wanton complaints are checked by the provision as to costs, frequently not inconsiderable, which the Chief Registrar may impose at his discretion according to the circumstances of the case.

(4) The advantages and privileges which the registered societies enjoy in abundance may be divided into three classes. First, there is exemption, in the case of certain documents, from stamp duties, together with a number of other privileges connected with civil law and procedure; secondly, extensive protection as regards the criminal law; and thirdly, certain advantages with respect to the investment of their funds.*

The exemption from stamp duty is not now as important a privilege as it was formerly, the duties not being as high as they were.

The privileges connected with civil law and procedure are of various kinds, and embrace a number of technical details. The

* Compare Sections 15, 16, 17, 20, and 22 of the Act.

essential point is that the registered societies acquire a personal status in law, and have the right of sueing and being sued, a right which has been extended by the amending Act of 1876 to all branches of affiliated societies. We have noticed already the great legal advantages attached to registration, and we will merely add at present that the Act of 1875 allows a member of a registered society to nominate any person not belonging to the society (including therefore his wife or children) for the receipt of benefits not exceeding £50, and admits minors over sixteen as members (Sect. 15). And lastly, all registered societies have power to hold land and vest property in trustees by mere appointment (Sect. 16).

The protection afforded to registered societies, in respect of the criminal law, consists in this, that any person guilty of withholding or misappropriating their property, or committing any breach or abuse of trust, so far as the offence is not subject to any heavier punishment, is liable on summary conviction to a penalty of £20, or to be imprisoned, with or without hard labour, for three months (Sect. 16).

With respect to the investment of funds the societies are left by the Act of 1875 very free. They can, so far as is conformable with law, invest their money as they choose, only not on personal security. There are certain Friendly Societies, called Loan Societies, which advance loans to their members, as allowed by statute, and these societies also can be registered, only the Act requires that the loan must not exceed one half of the amount of an assurance on the life of a member of at least one full year's standing, and that there must be two satisfactory sureties for repayment. If a society, however, has a separate loan fund, a member may borrow to the amount of £200. On the other hand, the Act, as indeed had been done before, affords to societies the possibility of a safe and suitable investment. They may invest their funds not only in the Post Office Savings Bank, or in any registered savings bank, but also directly in Government securities. We have pointed out already that the Government guaranteed to Friendly Societies a higher rate of interest on their deposits at the National Debt Office than was current in the market. This privilege is abolished by the Act of 1875, which allows only 3 per cent. on such deposits, an amount corresponding with the average rate. No reduction, however, is

made in the case of moneys deposited before the Act, which leaves the higher rate of interest in such cases undisturbed, subject to a graduated series of provisions (Sect. 17); a measure originating quite as much from the English regard for prescriptive rights as from the proper and practical consideration that the societies had actually based their financial arrangements on the higher rate of interest, and that to destroy this basis suddenly would involve many of them in disaster.

The report of the Chief Registrar contains a statement of the various investments of the registered societies, which shows what different methods are adopted. From the statistical table he subjoins, taken from the returns of assets sent in to the Registry Office, it appears that 41·98 per cent. of the total funds of these societies is invested in first-class securities, such as Trustee Savings Banks, the Post-office Savings Bank, public funds, and the National Debt Commissioners; 30·07 per cent. in land, offices, buildings, etc., mortgages, and other real securities; 19·26 per cent. in railway, bank, and other debentures, and 8·69 per cent. in various other, including illegal, investments.* The failure of banks has caused much distress to a number of Friendly Societies, which had improperly left their funds in their hands, and the Chief Registrar warns against such investments. In the case of a bank at Rochdale, it appeared that over forty bodies, which seemed

* The list of investments, in order of priority as to amount, is as follows:—

Real Securities	25·13 per cent.
With the National Debt Commissioners	15·07 ,,
In Trustee Savings Banks	13·65 ,,
Local Securities	10·85 ,,
Post Office Savings Bank	7·18 ,,
Public Funds and Government Securities	6·08 ,,
Land, Offices, and Buildings	4·94 ,,
Illegal Investments (being in the nature of personal security)	4·09 ,,
Stocks and Shares	3·52 ,,
Cash in hand	3·39 ,,
Railway and other Debentures	3·20 ,,
Miscellaneous	2·90 ,,

The investments vary considerably in different counties. In the agricultural county of Devonshire, the deposits with the National Debt Commissioners amount to 50 per cent., while in Lancashire, a county rich in joint-stock under-

from their titles to be unregistered Friendly Societies, were among the creditors to the bank.* The comparatively recent failure of the West of England Bank proved disastrous to many Friendly Societies.

(5) The Act has created a number of officers and public duties, intended to assist the societies in the discharge of their statutory obligations. We have already mentioned the appointment of an actuary attached to the Registry Office. He attends to the statistics of sickness and mortality, constructs or examines tables of premiums, prepares forms, etc., and being thus in constant official communication with the registered societies obtains, by comparing the returns they send in, a general oversight and experience, which renders his action very useful and effective in dealing with societies that apply to the central office for information and advice. In addition to the actuary, there are public auditors and public valuers. These are not, indeed, permanent officials, but are appointed and paid for their services from time to time by the Treasury, and their duty is to conduct, according to prescribed forms and scales, the calculations and the valuations

takings, they are only 0·75 per cent. of the total assets, of which no less than 26 per cent. are invested in local securities.

The following statement (1886) shows the investments of £3,486,465 16*s.* 7*d.* of the funds of the Order of Foresters, and how they are disposed:—

	£	*s.*	*d.*
Post Office Savings Bank	480,133	18	1
Other Savings Banks	425,466	14	2
The Public Funds	107,821	8	4
With the Commissioners for the Reduction of the National Debt	22,281	9	2
Government Securities in Great Britain and Ireland	13,401	17	4
Upon Real Securities in Great Britain and Ireland	2,029,516	5	11
Land	33,076	2	0
Offices and Buildings	123,107	19	4
Otherwise Invested and Disposed	120,197	18	0
Treasurers' hands	131,462	4	3
	£3,486,465	16	7

* The Chief Registrar explains this by the fact that unregistered Friendly Societies are not recognised by the Savings Banks Acts.

of the societies that apply to them. It does not appear, indeed, that there is any great demand for their services; but, as the Chief Registrar states in his report for 1876, they have introduced greater order and regularity into the whole business of auditing, the method prescribed to them having frequently served as a model for imitation.

(6) With regard to arbitration, the Act of 1875 (Sect. 22) provides that every dispute between a Friendly Society and a member is to be decided in the manner directed by the society's rules, and there is to be no appeal therefrom to a court of law. The decision so made is to be enforced by the County Court. As a rule, these arbitrations have to decide as to claims of members against the society, or the reverse. The object of an amending Act, passed in 1885 (48 and 49 Vict., c. 27), was to clear up a doubt as to the construction of the section just referred to. The County Court Judge at Wrexham had decided to the effect that the provisions of the Act of 1875 were limited to disputes between individual members of branches or societies on the one hand, and the branches or societies of which they were members on the other. The amending Act accordingly declared that the County Court judge has jurisdiction, as it was plainly contemplated that he should have, to enforce an award in the case of disputes arising between a society and a member, or between two branches of a society. The parties to a dispute may by consent, under the Act of 1875 (unless the rules of the society expressly forbid it), refer such dispute to the Chief Registrar, who has power to administer oaths, examine witnesses, and hear and determine it. In addition to this, every registered society is at liberty to direct by its rules that disputes shall be referred to justices, in which case they are determinable in a court of summary jurisdiction. Where the rules contain no direction as to the settlement of disputes, or where no decision is made on a dispute within forty days after application to the society for a reference under its rules, the member or person aggrieved may apply either to the county court or to a court of summary jurisdiction (Sect. 22).*

Were we to conclude this sketch by offering briefly an opinion

* See Appendix B.

of the Act of 1875 in general, we should notice first certain relations between the State and society, as well as certain peculiarities of national character, which all legislation in England has to take into account. In a country where, as there, freedom of association so extensively prevails, any State interference is much more difficult, and will encounter greater opposition than under relations where the action of associations is weaker, and the nation is accustomed not only to constant supervision, but to a position of tutelage. Add to this, that the executive in England moves within much narrower limits than on the Continent, that the English law-courts decide claims and questions of public as well as of private law, and that the preponderating element of judicial authority, which is one of the characteristic features of the English State-system, tends to restrict any inquisitorial or aggressive action on the part of the Government. All this is the expression of the spirit of independence peculiar to the Anglo-Saxon race, of that self-reliance to which we have so frequently had occasion to refer, in order to explain institutions which, from a Continental point of view, are unintelligible and incapable of being grafted on Continental relations.

Out of the many opinions expressed in England as to the possible and necessary extent of State supervision over Friendly Societies, it is not at all easy to discover the right one. We disregard at once those objections to regulation and control which proceed from interested motives. We have heard, however, Englishmen entitled to weight, and anything but blind or bigoted adherents of old ways, declare their belief that the Act of 1875 is the utmost limit of what can be demanded from or accomplished by State supervision. For the reform which they admit to be necessary in these societies, they look to the training and education of their individual members; they point out that the experience gained by actuarial knowledge has supplied sufficient material for discovering correct principles of management, and that any further State interference is needless. Any further extension of it they think would prove a failure from the fact that the management of these societies is mostly in the hands of men who receive no remuneration; who, moreover, have only reluctantly undertaken the labour imposed upon them by the Act of

1875, and who would, therefore, resent any attempt to burden them still more.

An opposite view is shared by those who, while basing their chief hopes of reform on the progress of actuarial and financial knowledge, nevertheless consider it necessary that the course of development to which we have referred in previous pages should be superintended and stimulated; who demand, therefore, that the scope of State action should be enlarged, and regard such an extension of authority as the necessary guarantee for the protection of inexperienced members against reckless or improper management, and the encouragement of delusive hopes. They demand, in particular, that the Chief Registrar should be empowered, as is done by the Government in other departments of administration, to satisfy himself as to the position and financial management of all Friendly Societies by means of regular inspectors, who should report how far the returns sent in correspond with the societies' books, and thus enable him to exercise a direct personal influence upon the various managers. The present Chief Registrar certainly does all that he can under the Act. He is indefatigable in the work of correspondence; he endeavours, by means of written communications, through the information he imparts through the publication of his annual reports, through his advice, and through the legal prosecutions he institutes, to further the diffusion of knowledge, to stimulate the will to improve, and to facilitate the due discharge of duties and the correct conduct of business, and no one can deny that his efforts have been successful. Nevertheless, it is plain that an office such as his, which has no organs enabling it to interfere directly and personally, and, if necessary, on the spot itself, can obtain only slow and imperfect results. The Chief Registrar receives the most substantial support from the large Orders. We have seen already how, in the questions of tables of premiums, valuations and management, they are marching at the head of all the other Friendly Societies. They are also the Chief Registrar's staunchest allies in carrying out the Act of 1875. They conduct the registration of their branches, and superintend the sending in of their returns, and are as zealous in removing abuses as the Chief Registrar himself. These Orders have now advanced to the position of organized self-

governing bodies, and their business at headquarters being conducted by permanent officials, the relations between them and the registry office are the more regular, systematic, and accommodating on both sides. The Chief Registrar works hand in hand with the secretaries of the large Orders. "He takes pleasure," he says in his Report for 1876, "in stating that his relations with the executive bodies of the various Orders with whom the provisions of the Act, as to societies with branches, have brought him into correspondence or contact, have been uniformly friendly From the two great Orders, in particular, the Manchester Unity and the Foresters, the office has continued to receive real assistance. It would be unjust not to record the fact that, in carrying out the new Act, the Order of Foresters has been more especially successful. The signature of Mr. Shawcross, its permanent secretary, affords an almost perfect guarantee that documents offered by him for registry are in due form."

The support thus accorded to the Chief Registrar by these working-men's associations assists one in forming an unprejudiced judgment of the Act of 1875. The more fully these associations devoted to insurance, realise their important mission, the more closely must they resemble real self-governing bodies. In this development lies the perfecting of an efficiently organized system of State supervision, such as exists at present with regard to factories, schools, and sanitary administration. Towards this end the Act of 1875 signifies only a stage, a definite step in advance.*

* Mr. Reuben Watson, the actuary to the Manchester Unity, in his evidence before the Select Committee on National Provident Insurance (Q. 893), has thus accurately summed up the results of the Act of 1875: "The Act of 1875 has done great good; it has discouraged the formation of new societies on the unsound principles of former times. The central office has come into more immediate communication with the societies, and useful comment and instruction is disseminated by it. But more legislation will be needed from time to time, perhaps even more stringent legislation but certainly legislation which will strengthen the hands of executive bodies."

The correctness of this opinion has been strikingly illustrated by a case which the Chief Registrar's Office had recently to examine and determine, and which was published in a paper laid before Parliament. ("Determination of the Chief Registrar of Friendly Societies on an application for the dissolution of

the Independent Mutual Brethren Friendly Society by award, and Report by the Actuary of the Central Office to the Chief Registrar" C.—4,988.) According to this Report, the society was started in London about 1873, by an individual named Scotting, and in 1877, when it undertook sick-pay business, its fortunes advanced rapidly, the members increasing from 1,019 in 1878 to 18,646 in 1881. A bait of taking in members of advanced age at the same contributions as young members, on condition that they paid in cash down an extra entrance fee of 5*s*., 6*s*., or 7*s*. for each year of age over 50, seems to have proved most successful. The money coming into the society's coffers appeared to have been literally squandered in the most reckless manner. One man dabbled in house property and land with the society's money, having it conveyed to him, and depositing the deeds with himself and his assistants as trustees or officers of the society. Wm. Dalby, a co-trustee, was installed in a public-house, called the Railway Arms, Hornton Street, Kensington, and F. Jude, a former trustee, in another public-house, at Dunstable, known as the White Hart Inn. A man named Coalston was appointed secretary, at a salary of no inconsiderable amount. Harry Hill, another trustee, received a loan, and C. Anderson, a member of committee, purchased his house, borrowing the money from the society. Towards the end of 1883 the tide began to turn. The society's annual return to the Registrar for 1882 had been sent back to be corrected; there was no ready money available to meet sick-pay claims, etc., and in consequence, a general levy on the members had to be proposed. It was not, however, carried out at a general meeting, which, instead, appointed a committee of investigation, "the members having lost all confidence in the management," and at a subsequent meeting the committee was asked to resign. Various lawsuits followed, and affairs culminated in the general meeting of May, 1885, when the auditors for the accounts of 1884 discovered all kinds of frauds in the previous annual returns of the society. The dissatisfaction regarding the management caused the younger and healthy members to leave by the thousand, and in May last an investigation into the society's affairs was demanded by one hundred members, and acceded to by the Chief Registrar. As the result of that investigation, the actuary found (1) that the funds of the society were insufficient to meet the existing claims thereon; and (2) that the rates of contribution fixed by the society were insufficient to cover the benefits assured to be given by the same. Inasmuch, however, as immediate award for dissolution would debar the trustees or other persons interested from taking proceedings, which they might possibly be advised for obtaining an account and recovering assets belonging to the society, he suggested that no such award should be for the present made. The Chief Registrar accordingly determined, under the date of the 19th February, that he did not consider it expedient at present to award that the society should be dissolved.

CHAPTER V.

Government Working-Men's Insurance in England.

1. *The Government Annuity System.* Schemes in the last century.—Pitt's proposal of a "parochial fund."—Parochial Benefit Societies Bill, 1818.—Friendly Society Savings Bank Act, 1833.—Lord Shelburne's Bill of 1862.—The Government Annuities Act of 1864.—Mr. Gladstone's Speech on the Bill.—Opposition in Parliament to the measure.—Its material provisions.—Its inoperative character.—Select Committee of Inquiry on the subject.—The Act of 1882.

2. *Schemes of Compulsory Working-men's Insurance.* Recent influence of German ideas and legislation.—The English Poor-Law system.—Pitt's view of Friendly Societies and Poor Relief.—Connection between Friendly Societies and the Poor Law.—Origin of recent schemes of national insurance.—Canon Blackley's scheme of compulsory Insurance.—Rev. Mr. Stratton's scheme.—Select Committee on National Provident Insurance, 1885.—General results of the inquiry.—Attitude of the Friendly Societies.—National objections to compulsion.—Voluntary insurance under State supervision.

In the preceding pages, while convinced that the Friendly Society system in England is in a state of progressive improvement, we have not concealed its shady sides. These societies, as a whole, are imperfect in two respects. They do not reach equally, as we know, all grades of the working classes, while for the more helpless and the poorer portion of them they provide only imperfect forms of insurance; and then, they are not yet sufficiently consolidated to prevent the insurance, purchased perhaps by the sacrifices of many years, from being frustrated by insolvency, an eventuality to which the poorer working-men are necessarily more exposed than their brethren who can afford to join the sound societies.

Under these circumstances, it is not surprising that, in spite of all the Englishman's trust in self-help, proposals should have been mooted even in England advocating the interference of the

Government in some form or another, with a view to assure the benefits of insurance to all the working classes alike.

Experiments in this direction have been made for a long time in England, with regard to life and old-age assurance by the State, but hitherto, at any rate, without any comprehensive results. The Government annuity system, however, is a remarkable attempt to supplement the action of voluntary societies. We propose, therefore, to sketch in this chapter the introduction of Government insurance for the working classes, the causes of its small extension up to the present day, and its prospects for the future.

The Government annuity system is State-managed but optional, and therefore it is far from being analogous to the German system of compulsory State insurance. No practical attempt in the direction of compulsion has yet been made in England, and all schemes and proposals tending to that end have hitherto been decisively rejected. We do not believe in their realization in the immediate future, but they serve to complete the picture, and we propose, therefore, to consider them later on.

1. *The Government Annuity System.*

As long ago as 1771, a scheme was proposed by Baron Maseres for establishing life annuities in parishes for the benefit of the poor inhabitants, each annuity not to exceed £20 per annum, and to commence at an age not exceeding 50 for males, and 35 for females; any deficiency in the funds to be made up out of the parish rates. A bill for this purpose was introduced in 1773, and again in 1789, but failed on each occasion to pass. In 1796 Mr. Pitt proposed the establishment of a "parochial fund," which was to be raised from voluntary subscriptions and the rates, and to be applied to relief in old age or chronic sickness, and to the support of widows and children of deceased members. His idea, however, was never realised, and a bill introduced in 1818 for the establishment of "Parochial Benefit Societies" proved abortive. The first attempt to introduce a system of State insurance in another direction was made by the Act of 1833 (3 and 4 Will. IV., c. 14). This Act allowed the purchase of annuities, either immediate or deferred, through the medium of savings banks or of societies, which were to be authorised to be established in places

where there were no savings banks (sect. 37), the maximum amount of such annuities being fixed at £20, and the minimum at £4, and thereby laid the foundation of the Government annuity and insurance system, which has since then been further developed.

It was Lord Shelburne who, in 1862, made an attempt to give effect to an idea traceable, in the first instance, to the preamble to a section in the Act of 1819 (59 Geo. III., c. 12), by introducing into the House of Lords a bill "to promote the establishment of Friendly Societies," the main object of which was to create Friendly Societies for the agricultural population, which, as being subject to the control of the Government and based on authorised tables, should afford better security than the public-house clubs and dividing societies, at that time the only societies at the command of the country labourers. But this attempt to bring sick insurance under State management proved a failure, like the rest, and has never since been revived.*

On the other hand, the Government Annuity and Insurance system, above mentioned, received a further development through the Act of 1864 (27 and 28 Vict., c. 43), as well as the more recent Act of 1882 (45 and 46 Vict., c. 51).

A most interesting light was thrown on the whole development of this system during the debates in the House of Commons in March, 1864.† The bill then before the House was the one which ultimately, though in a substantially altered shape, became the Act of 1864. Mr. Gladstone, as Chancellor of the Exchequer, then submitted a scheme to Parliament, which aimed at constructing, side by side with the Friendly Societies, a system of State insurance. Sick insurance was to be left entirely, as before, to voluntary societies, but Mr. Gladstone proposed to establish a system of Government annuities and life insurance in connection with the Post-office Savings Banks, not as a compulsory institution, but simply as a Government department competing with existing societies. His intention, therefore, was far removed from

* With reference to these earlier attempts, see Fourth Report of the Commission, pp. cxcii.-iii., and Appendix (I.).

† See Hansard, 3rd Series; vol. clxxiii. (4 and 7 March), vol. clxxiv. (17 March), and vol. clxxv. (20 June, 1864).

the idea of State Socialism in the sense in which it is sought at the present day in Germany and Austria to solve the question of working-men's insurance; but, nevertheless, as a protest against the axiom of *laissez faire*, still prevailing almost unrestrictedly in England, Mr. Gladstone's idea and, still more, the firm footing he gave it, was an early and remarkable sign of the change of popular opinion in regard to social questions. Owing to the vigorous opposition he encountered, his original ideas were only partly embodied in the Act; but the debate in the House of Commons on the bill not only clearly showed the position taken up by Mr. Gladstone and his opponents, but largely influenced the movement of reform inside the Friendly Societies, the rotten character of which, in many cases, was exposed to publicity. We will state briefly, for these reasons, the essential points of the debate.

In a great speech delivered on the 7th of March, 1864, Mr. Gladstone defended the fundamental principles of his bill. "It had been occasioned," he said, "by the abuses and violations of trust on the part of the Friendly Societies." His indictment was not in accordance with facts, as being too sweeping and general. The evils he denounced were confined to a portion of these societies, more particularly the large burial societies; but instead of discriminating between the bad ones and the good, he included them all in the same category, stating that his bill had been rendered necessary in consequence "not only of the wholesale error prevailing in the Friendly Societies, but of the deception, fraud, and swindling perpetrated upon the most helpless portion of the community, who find themselves without protection and without defence. It is foolish," he said, "to talk of Government interference with private trade and private enterprise. The Friendly Societies have long been virtually and substantially subsidized by the Government; first, by the positive payment to them of money grants every year, in the shape of a rate of interest which we are compelled to pay, and which we cannot make. The rate of interest which at the National Debt office we are compelled to pay to such Friendly Societies as existed before 1828 is £4 11*s.* upon every £100 of their money. Secondly, I contend, without the least fear of contradiction, that all exemptions given to

Friendly Societies are grants. . . . Societies under the Friendly Societies Act are exempted from payment of stamp and probate duty absolutely under £50, and from £50 up to £200, if any party chooses to exercise the right of nominating a relative before he dies, he is exempted from stamp and probate duty. That being so, the two main questions which we have now to consider are these: first, is the plan we propose a safe plan? and secondly, does it involve injustice? If our plan is both safe and fair, I hold it ought to be adopted." As to the first point, he admitted that every life assurance office was bound to examine the lives which it undertook to insure, and that every society was exposed to the danger of being the victims of deceit and personation. But he contended that, in the case of the working classes, age, occupation, and habits of life supplied sufficient data for estimating the quality of the risks undertaken, and that the Government had natural allies, in these matters, in all those persons who were best acquainted with the condition of the labouring classes throughout the country—namely, the clergy, the dissenting ministry, the magistrates, the poor-law guardians, the registrars, and lastly, the employers of labour. He proceeded to state at length the relations between his proposed Government insurance office and the larger and smaller insurance companies, as well as the Friendly Societies. The principal assurance offices, he declared, had nothing to fear from Government competition; as for the minor ones, which resorted to every means of profit, and those Friendly Societies which, like them, extorted insurance money from the working classes by means of tricks and abuses of every kind, by advertisements, touting agencies, "lapses," etc., they would undoubtedly suffer from such competition, the object of which was to substitute for these unsound institutions—which pocketed the working-man's savings of many years, to destroy, by their collapse, all the fruit of his laborious providence—a secure system of Government insurance at least against death and old age.

This scheme of Mr. Gladstone's met, as we have said, with the liveliest opposition, and the weak points in his arguments in favour of the bill were effectively turned against him. He had, for instance, failed, as we have seen, to direct his criticism in

sufficiently clear terms against those societies only which were the really bad ones, and were branches of the institution scarcely capable of improvement, but had launched his invectives against them all, and thus provoked the opposition of those societies which could boast with justice of being sound and the legitimate offspring of the working-men's spirit of independence. In addition to this, his scheme aroused opposition in all those quarters where State interference in matters of private enterprise is always regarded with the utmost jealousy. The most strenuous attacks came from those who insisted that the bill unfairly crippled the business of the insurance companies. It was not an annuity bill at all, they said, but a scheme that aimed at nothing short of giving the State a monopoly of life insurance. The Government, said the champions of the Friendly Societies, sought to deprive those societies of the best and safest branch of their business,—life insurance,—and leave them only sick insurance, the most difficult and unsafe one. This was unfair competition, which would only do injury and not benefit any one, since the State was wholly unable to protect itself against fraud, and the Post Office was unfitted to conduct a business of this kind. "In fact, the Post-office Savings Banks were pure trust," said one speaker, "but the new insurance system would be pure trade."

It was objected further to the bill, that it was calculated to sap the spirit of self-reliance among the working classes, and that these classes were the best judges of their own interests and, therefore, looked with jealousy and apprehension on any State interference. A few speakers only formed a calm and correct judgment of the whole question. "The debate," said Mr. Newdegate, "might be a means of bringing about this result, that the great mass of the contributors to those institutions might see that there was great need of additional regulations in their internal management, and that the Legislature should by law assure to them a better security than that which they at present possessed. That, he must confess, would be a result infinitely preferable to passing the second reading of the bill." Mr. Sotheron Estcourt, speaking with the weight due to his practical experience of Friendly Societies, predicted rightly that they had nothing to fear from the bill with its purely permissive character. "I do not believe," he

said, "that the working classes, scattered as they are over the face of the country, will take advantage of the bill, if it should become law. I do not believe that those classes enter into Friendly Societies or clubs for the sake of the benefits of such societies so much as for companionship."

The bill came out of Committee in a materially altered shape. It met now with no great opposition, the provisions most obnoxious to the Friendly Societies having been expunged or modified, and Mr. Gladstone himself receded from his earlier position, and contented himself with the hope that the proceedings which had taken place, and the bill as finally amended, would prepare the way for satisfactory reform.

The most material provisions of the Act of 1864* are as follows: The management of Government insurance was left to the National Debt Commissioners through the medium of the Post-office Savings Banks, which, during the three years of their existence, had amply justified their establishment. It was hoped to turn to good account in this manner the services of an institution which stood in close and active contact with the thrifty portion of the population. The Act gave facilities for the payment of premiums, entrusted the framing of tables on certain principles to the Treasury, with directions to calculate them at the rate of £3 per cent. interest on the reserve fund, and enabled an insurer, after five years' payment of premiums, who wished to surrender his policy or made default in payment, to receive at his option either a sum of money, not being less than one-third of the premiums paid, or a paid-up policy of assurance, or an immediate or deferred life annuity equivalent in value to the sum which would be paid in money. Certain maximum and minimum limits of insurance were imposed, with a view to prevent over-competition between the insurance companies which dealt with large sums, and the Friendly Societies which insured for only small ones. No annuity was to exceed £50; no sum of money insurable on death was to exceed £100 or be less than £20, and

* 27 and 28 Vict., c. 43, entitled, "An Act to grant additional facilities for the purchase of small Government Annuities, and for assuring payments of money on death."

no contract of insurance was to be entered into by or on behalf of any person under sixteen or over sixty years of age (sect. 5).

The organization created by the Act of 1864 came into working in the following year, though not for some time to any great extent. During the seventeen years ending with 1882, only 6,524 contracts for life assurance and 11,646 for annuities were made through the medium of the Post-office Savings Banks, * and the system, as appeared from these figures, had failed to take root, and, as regards the great question of working-men's insurance, played a wholly subordinate part. Mr. Sotheron Estcourt's prediction had been justified. And yet the blame of this failure certainly did not lie only on the limited organization of the system. Notwithstanding its purely permissive character and the disadvantages from which it laboured, the system would have gained more ground among the working classes in England had it not been for the energetic and successful efforts made during that period by the Friendly Societies, and particularly by the large Orders, which so materially improved their position. The debates in Parliament in 1864, however, undoubtedly did much to initiate that movement of internal reform which we have described at length in a previous chapter; and in this respect an important service was done indirectly, however small a one directly, by the Act of 1864 to the cause of working-men's insurance.

This great movement of reform is also the reason why the Government Annuity system was allowed to remain in its imperfect shape until 1882. It was manifestly the impression produced in England by German efforts and legislation in favour of compulsory insurance by the State which in 1882 revived the question, and led to the appointment of a Select Committee of the House of Commons to inquire into the causes why the Act of 1864 had remained as a whole inoperative.

These causes were explained very clearly by the Committee, although they were able to show that the Post-office Savings Banks offered lower premiums than most of the Friendly Societies, and that their tables were admirably constructed. But notwith-

* Report of the Select Committee of the House of Commons appointed to inquire into the operation of the Acts 27 and 28 Vict., c. 43. 1882.

standing these advantages, the Committee brought to light some circumstances which accounted for the ill-success of the entire scheme. In the first place, the minimum limits imposed on Government insurance were a decisive bar to their ability to compete. The minimum limit of £20 for life insurance (burial money) was fixed far too high for the working classes, who need societies in which they can insure a much smaller amount. An equally fatal limitation was the exclusion by the Act of insurers under sixteen years of age, the working classes in England being almost universally accustomed to insure the lives of their children. It was shown, further, that the number of post offices in which insurances could be effected was too small, being only one-seventh of all the post offices together. Moreover, certain complicated formalities had to be gone through to insure, which kept the working men away. The main reason alleged for failure, however, was the total absence of personal motive and effort in Government insurance offices. Both the private insurance companies and the Friendly Societies enlist members, whether through agents in the interests of pure business, or through "brothers" in the interests of companionship. Against this influence the Post-office Savings Banks have nothing to oppose, any more than they can compete with Friendly Societies in the matter of social attractions. With regard to this last defect, the Committee could propose no remedy in the way of improving the existing system. They recommended, however, that the number of Post-office Savings Banks should be largely increased, and kept open later in the evening, and that the maximum and minimum limits should be abolished or at least materially modified, and the formalities required on insuring made as simple as possible. A proposal to extend the action of the Government to sick insurance was decisively rejected by the Committee, who declared it to be simply impossible.

The bill which was introduced as a sequel to this inquiry, and came to a second reading on the 25th of July, 1882, embodied a portion of the recommendations of the Committee.* The Government failed, indeed, in the face of the opposition raised by the insurance companies, to carry through their proposed raising of the maximum

* See Hansard, vol. cclxxiii. p. 872 *sqq.*, and vol. cclxxvi. p. 1818 *sqq.*

in the case of life insurance to £200; but the Act * contained a series of provisions enlarging the scope of Government insurance, and attaching to it certain advantages with a view to securing the extension of the system.

In the first place, the age at which annuities can be granted is reduced to five years, and the minimum limit both for life assurance and annuities is abolished. The Act contains also a provision calculated to make Government insurance peculiarly attractive, but very questionable from a strictly insurance point of view. Section 6 of the Act enables life assurances to be effected for sums not exceeding £25 without the requirement of any medical examination or certificate, and to be forfeitable only when the insurer dies within twelve months after entering into his contract of assurance. The very proper objections that this provision tended to encourage fraud, imposed a serious burden on the State, and, on the other hand, was a hardship if death occurred unexpectedly within the period in question, were disregarded. The Act contains, further, a series of facilities and advantages, intended as special attractions on behalf of Government insurance, such as those respecting the payment of premiums, the alteration of the original contract, etc. It also enables an insurer to obtain, after paying his premiums for two instead of five years, as in the Act of 1864, the benefits guaranteed to him on the surrender of his policy.

The penalties imposed by the Act of 1882, to protect the State against fraud and imposition, are significant. Any person making a false declaration on entering into a contract of assurance is liable to forfeit the whole of his assurance money, and if he makes it knowing it to be false, to twelve months' imprisonment, with or without hard labour. If any one receives any annuity after the death of the person at whose death such annuity is to cease, or any insurance payable at the death of a person before such death, he is liable to pay double the amount received, and if the same is done with intent to defraud, to twelve months' imprisonment, with or without hard labour.

* 45 and 46 Vict., cap. 51, entitled, "An Act to extend the Acts relating to the purchase of small Government Annuities, and to assuring payments of money on death."

As regards the working of the Act of 1882, time is wanted to decide. So far as can be judged from figures, not much more use is made now than formerly of this system of Government insurance. Some generally favourable evidence, it is true, was given on this point by Mr. James C. Cardin, Assistant Receiver and Accountant-General of the Post Office, before the Select Committee of the House of Commons on National Provident Insurance, whose first report was published in 1885; but the statistics he himself put before the Committee, showing the extent to which Government insurance has been taken up by the public before and after the Act of 1882, exhibit only a slight increase.* During the five years preceding the Act of 1882, the average number of contracts issued for annuities (immediate and deferred) was 942, amounting altogether to £15,864. During the first twelve months that the new system, dating from June, 1884, was in operation, the corresponding averages were 1,101 and £20,140. The contracts for life insurances, in the first case, were 225, amounting to £20,439, and, in the second case, 526, amounting to £35,390. While, therefore, the number of annuities showed scarcely any increase, the increase in life assurances also is not an important one. These figures show, further, to what a slight extent this system of Government insurance has been made use of altogether, and how unimportant are its results as compared with those obtained by the Insurance Companies and Friendly Societies. For this reason we believe that even if the advantages and facilities offered by the Act of 1882 lead to an increased adoption of the system, it will never become the general medium of workingmen's insurances in England. Mr. Gladstone's original idea was only a half-measure, which was curtailed still more by the Act of 1864, and not cured of its defects in point of principle by the Act of 1882. If the State takes its stand on the ground of purely private contracts of insurance, and not on that of insurance based on public law; if it creates an institution of this kind on mere permissive principles, and not on those of compulsion, its sphere of action will always be cramped and confined. In England

* Report of the Select Committee on National Provident Insurance, 1885, Q. 1619 *sqq.*, and Appendix No. 1.

especially the State is not in a position to compete effectively with energetic Insurance Companies or with the Friendly Societies, pulsating with all the vigour of social life; and still less can it so compete when hampered by restrictions which handicap its powers. This explains the failure of the Government annuity system in England. The fact that the Act of 1882 met with far less opposition from the Friendly Societies than the Act of 1864, is in no way a sign that the idea of Government insurance had gained ground in England; on the contrary, since 1864 the Friendly Societies have so increased in strength, and the large orders, in particular, who have now taken incontestably the lead in public life among all the institutions resting on the principle of voluntary self-help, have acquired a position of such security, that they have less to fear from Government competition than ever. The Government annuity system may possibly, in its new shape under the Act of 1882, obtain a wider field of action and solve the vexed questions of annuity and life insurance for many classes of the population in England, such as, in particular, the smaller middle-class, domestic servants, shop-assistants, and so forth, but as a comprehensive means of insurance for the working-men, it will never, in its present shape, play any decisive part.

2. *Schemes of Compulsory Working-men's Insurance.*

We will now proceed to show in what direction and to what extent the idea of compulsory insurance has been mooted in England. We have already expressed, and must repeat our belief, that there is no prospect of this idea being realised at present, since it runs directly counter to the entire vigorous development of the system of voluntary Friendly Societies, and is far too feeble at present to overcome the national antipathy to compulsion. We propose, however, to notice these schemes, as they have recently come under consideration and been officially discussed. To Germans it is interesting to observe how Bismarck's vast design of compulsory working-men's insurance occupies the minds of Englishmen. For many years Germany stood to England, as regards public affairs, in the relation of one who received. It speaks eloquently for the powerful development of public law and public life in the new German Empire, that German influences are now

beginning to affect in more than one direction the growth of public opinion in England, and that German ideas gain respect among a people formerly so exclusive as the English. Only a few years ago the various schemes of compulsory insurance which were mooted in England failed to meet with any serious attention; but in 1885 we find a Select Committee of the House of Commons specially engaged in considering the question of National Provident Insurance, based on the principle of universal compulsion. This fact clearly shows that the idea is at least examined into at the present day, and for this, if for no other reason, we shall be justified in turning our attention also to the movement.

The starting-point of this movement lies in the peculiar constitution of the English Poor Law system, the historical development and present form of which have recently been exhaustively described by Dr. Aschrott.* He has shown how every person can rely upon the Poor Law for protection against the worst consequence of poverty, namely, starvation, but knows at the same time that the relief will be granted only in anything but an agreeable manner.† He points out very well how this very relief, administered in scanty measure, serves to counteract the evil consequences which would otherwise arise if a sense of dependence upon the Poor Law were to supplant individual energy and forethought.

Possibly Dr. Aschrott underrates the evil effects produced by this system, and indeed still more by the administration of the Poor Law in England, on the self-reliance and providence of the lower classes. The English themselves, however, attach more serious importance to them, and have always been anxious to mitigate them. At any rate, it is a noble and manly feature in the English character, and one which is very marked in the educated workingman, to regard going into the workhouse as a disgrace, and to consider it a reproach to the Poor Law system that it tends to discourage independence and providence.

As a consequence of this, efforts have been made at all times

* "*Das Englische Armenwesen in seiner historischen Entwicklung und in seiner heutigen Gestalt*," by Dr. P. F. Aschrott. Leipsic, Dunker and Humblot 1886.

† *Ibid.*, p. 383.

in England to establish other institutions beside the Poor Law system, with a view to limiting its bad effects. The Friendly Societies also have been regarded as a possible means of providing against distress or destitution in a manner more consistent with self-respect than was done by the workhouse.

William Pitt, in a speech made in Parliament on the 12th of February, 1796, thus accurately described this connection between the Friendly Societies and the question of providing relief for the poor: "If such means could be practised as that of supplying the necessities of those who required assistance by giving it in labour, or affording employment, which is the principle of the Act of Queen Elizabeth, the most important advantages would be gained. They would thus benefit those to whom they afforded relief, not only by the assistance bestowed, but by giving habits of industry and frugality, and in furnishing a temporary bounty, enable them to make permanent provision for themselves. By giving effect to the operation of Friendly Societies, individuals would be rescued from becoming a burden upon the public, and, if necessary, be enabled to subsist upon a fund which their own industry contributed to raise." * The great statesman was right also on this point. Many years, it is true, had to pass before his wishes were realised, for it was the great expansion of manufacturing industry during the present generation, and the introduction of the new relations of labour which we have already described, that for the first time put at least a large portion of the classes dependent on manual labour in possession of those means, which they employed partly to establish and perfect their Friendly Societies; and a further change still in the relations of wages must take place before the possibility of giving effect to Pitt's words will be further increased.

In proportion as the Friendly Societies grew in number and importance, the more generally were they regarded as an effective means of alleviating the pressure of the poor rates, and a moral corrective of the Poor Law system, and as such were discussed and dealt with in connection with the Poor Laws.

* Speeches of the Right Hon. William Pitt in the House of Commons. London, 1806. Vol. ii. p. 371.

The Fourth Report of the Commission of 1871 devoted a chapter to the subject of this connection, to a few points of view in which we will refer, not only as helping to explain the attempts made in England to secure compulsory insurance, but on account of their general importance.*

The preamble of 33 Geo. III., c. 54 (1793), recites that this, the first Act for the encouragement of Friendly Societies, was passed "in order to promote the happiness of individuals, and at the same time to diminish the public burthens." It has been frequently alleged that no less a sum than £2,000,000 is annually saved to the ratepayers by the operation of Friendly Societies. The other view, that the Poor Laws have interfered with the extension of these societies, has long since been entertained and publicly expressed. It has been stated that the minimum of subsistence now afforded, but afforded in a more tolerable form than before, by the improved administration of the Poor Laws at the present day, has hindered the lower grades of labourers from joining Friendly Societies, a feeling tersely expressed by a witness before the Commission, who remarked that "the Poor Law is the best benefit club, because everything is taken out, and nothing paid in." The chief complaints, however, were directed against the administration of the Poor Laws in the case of members of Friendly Societies who apply for relief, as exhibiting irregularities of practice, varying principles of treatment in respect of applicants, and often gross contradictions. Some boards of guardians, it was stated, never recognised in granting relief the weekly income received by the applicant from a club; others only did so to half the amount of the sick pay; others treated the whole sum as means of subsistence, like any other kind of property, and diminished the relief given accordingly. In some unions medical relief only was granted to members of Friendly Societies; in others, the sick pay was regarded as specially intended for the benefit of the head of the family, and the ordinary amount of parish relief was given to the wife and children. The Commissioners in their Report rightly endeavour to check these irregularities of practice by maintaining

* Fourth Report, chapter vi.: "On the Connection between the Poor Law and Friendly Societies," p. clxxxix. *sqq.*

that the Poor Law system must not be so mixed up with that of Friendly Societies as to treat poor relief as merely subsidiary to the insurance benefits paid by these societies and the Poor Law system as an institution intended to supplement the action of independent self-support in this respect. "We may remark," they say, "that, on the one hand, the best managed Friendly Societies object most strongly to any connection with Poor Law administration; and, on the other, that it would be difficult to conceive a system more dangerously adapted to pauperise the flower of the working classes by stamping their very efforts at independence with the mark of the Poor Law." They state, however, elsewhere, that a large number of the lower classes were only too disposed to throw themselves upon the poor rate, and that although a portion of the labouring class strove hard to maintain a dignified independence, another portion became reckless and improvident, having always the workhouse to look to as a sure refuge in old age.* So

* Among the witnesses examined by the Committee on National Provident Insurance was a cab-driver, Charles Symes, who was known to have taken part in discussions at meetings on the scheme of general compulsory insurance. Among other questions, he was asked his opinion whether, as things are, the prospect of becoming a pauper is regarded with indifference by a large number in the poorer classes? His answer shows, by the very contradictions it contains, how those classes oscillate between dread of the workhouse and a resigned self-abandonment to a pauper's fate. "Yes," was his reply, "there is a great indifference in the minds of large numbers of the poorer classes about becoming paupers. I have long maintained that the Poor Law system of this country does hold out a certain amount of inducement for people to become paupers. It is only the wretchedness of the pauper's existence after he has become a pauper that deters a great number from taking the advantage which the Poor Law offers. I do know about that from my experience. My personal experience of a pauper's life commenced just fifty-seven years ago. When I was three years old I was put into a workhouse, and I remained there till I was thirteen or fourteen years of age. That was some few years before the union took place, and at that time there were nothing but old men, old women, and young children in the house. A young man, a strong and able-bodied man, was not known; a married man in the house, able to work, was not known then; but when the union took place, I am sorry to say that the character of the house was altogether changed, and from my experience of a pauper's life, all the boys that were in that house then, and the young girls that were in that house then, if it were positively declared to them that they would become paupers when they were sixty years of age, would say: "I hope some means will be adopted whereby I shall be prevented from having to endure this life again when I become sixty."

long, of course, as the Friendly Societies are financially unable to count with certainty on meeting their obligations—and voluntary associations so variously constituted as the Friendly Societies will never be fully able to do so—this connection between them and the Poor Law must necessarily to some extent continue to exist. In 1882 a return was issued, on the motion of Lord Lymington, showing the number of pauper inmates of workhouses who had formerly been members of Friendly Societies. This return showed a total of 11,304 adult male paupers in all the unions in England who had belonged to Friendly Societies, of whom 3,913 had been in societies that had broken, a figure corresponding, absolutely speaking, with that which Mr. Tidd Pratt in his time had estimated for the year 1867, though relatively a less favourable sign of the stability of these societies than in the former year, considering the extraordinary increase since then in the total number of their members. Nevertheless, it is exactly the best Friendly Societies, and, above all, the large Orders, who keep these facts most steadily

I speak from my experience again of a pauper's life in later life, not ranging within twenty-eight years, because during that time I have not had any experience of a pauper's life, but just before that. I have had to endure a pauper's life in four workhouses, brought about through being subject to what is termed rheumatic fever. Hospitals did not care about taking me in, and I had to resort to the infirmary in connection with the poor-house. . . . I am convinced that there were a large number of men in the workhouses then that would have gladly availed themselves of the opportunity of coming out if they had had means, such as 4*s*. or 5*s*. a week would afford them; and I know now that a large number of men would gladly step out if they could only be sure that they would get lodgings. They can pick up bits of bread and bits of clothes, but cannot pick up their lodging; and I maintain that the Government allowances which this national scheme proposes as the sum which the Government would be called upon to afford, would be sufficient to afford men lodgings; and under that state of things the men would not apply to become inmates of workhouses, and have a pauper's life. I might further mention what it is that keeps a great number of our men out of the poor-houses now. They ought to be in the poor-house; their condition is of such nature that they really would be much better off in the poor-house; but they say: 'If I were to go into the house, I could not come out again; I should have nothing but a pauper's clothes to come out in again, and I should not like to appear in the public streets, or so to visit my daughter or son, or at my brother's house with a pauper's clothes on; they would not like me to come to visit them with a pauper's clothes on, and therefore I should be compelled to stop in; and therefore under that state of things I prefer to stop out now that I am out, and as long as I can only keep where I

in view. They are doing their best to keep the working classes from the workhouse and out-door relief, and to make a different and more dignified provision for them against sickness, disablement, and old age, by perfecting their system of insurance. All their publications, all occasional notices of their proceedings repeatedly express the idea of making the Friendly Societies the basis of relief for the working classes, and emancipating them from the prospect of a fate considered, in the eyes of all Englishmen, a personal degradation,—dependence on the Poor Law.

The combination of these two circumstances—on the one hand the strong abhorrence of pauperization, and on the other the inability of the Friendly Societies at present to protect their members against it—explains the origin of those schemes which have been recently propounded, and of which we propose to give a brief account.

First and foremost comes the Rev. William Lewery Blackley, vicar of King's Somborne, in Hampshire, and an honorary canon of Winchester, with his scheme of national compulsory insurance.

can move about, I will not go in.' I think that that is a terrible state of things for a country like this. The Government boast that they provide the Poor Law; but the treatment that men receive there is such that others have an abhorrence to it after having heard what is going on in the workhouses. It is just like putting the food in the cupboard, and locking the cupboard door. I am quite convinced that the Poor Law system does not induce people to become thrifty. It deters some from becoming paupers, and compels some, no doubt, to make provision for themselves; but it holds out no inducements to thrift, rather the reverse. Many men say, 'I shall spend all my earnings; I care not what becomes of my earnings, because I know that when it comes to the worst, I can go into the house, and nothing can keep me out.' That is the reason why you see such sights as you do in all our rural localities. Men are spending their money in carelessness, because they know that when it comes to the worst they can go into the house. It would be a good thing if some means were adopted whereby it would be made almost punishable on their part if they made applications for relief after they arrive at a certain age. I am terribly at a loss to know what scheme could be brought about that would necessarily prevent any one from becoming a pauper, because I know very well that there is a large number of people who belong to the class called the lame, the halt, and the blind: from their childhood up they are like that, and they cannot labour; and I do not know whether any scheme that the Government could adopt would afford these men sufficient remuneration or means of living without becoming inmates of the pauper house."

He has expounded this scheme, together with his general views as to the progress of the working classes, in a pamphlet entitled "Thrift and Independence."* He begins by affirming that thrift and providence are a personal, social, and national duty which has hitherto been neglected in England, and that notwithstanding all Savings Banks, Penny Banks, and Friendly Societies, no sufficient means have yet been offered to the people for the practical exercise of these qualities. He finds fault in particular with the Friendly Societies, as offering no certain means of provision in consequence of their imperfect constitution, their want of proper principles, and the ignorance displayed in their management. He points among others to the agricultural labourers, who are too helpless to establish safe societies of their own, and at the same time cannot afford to pay the high subscriptions demanded by the large Orders. He considers the Poor Law not only an injustice to the ratepayers, as making the burden of maintaining the unthrifty and idle fall on the thrifty and industrious, but also a hardship to the pauper, who looks on the workhouse as a pandemonium. Thrift and independence must, therefore, be taught from early youth, and this can only be done by compulsory organization.

Mr. Blackley has laboured hard for years on the platform and in the press, to promulgate, explain, and justify his scheme of national insurance. Ready in discussion, and enthusiastic with his pen, he has gradually gained a hearing, and even if nothing comes of all his proposals, he cannot justly be denied a share in the progress made by the working classes in their perception of the close connection between thrift and independence, any more than the merit of having caused the question of working-men's insurance to be regarded from a new point of view, and made the subject of public interest and discussion.

* "Thrift and Independence: A Word for Working Men." By the Rev. W. L. Blackley. London, 1884. He has explained his scheme also in a number of articles, and in a very detailed manner before the Committee of the House of Commons on National Provident Insurance, 1885. The most remarkable of his articles on the subject are those on "National Insurance," in the *Nineteenth Century* for November, 1878; and on "Compulsory Providence," in the *Contemporary Review* for July, 1879. The large Orders, in their quarterly journals and otherwise, are Mr. Blackley's unflagging opponents.

What then is the scheme which he puts forward under the title of National Insurance? Mr. Blackley proposes that every individual in the nation, rich or poor, man or woman, shall be liable by law, after reaching the age of 18 years, to contribute, either in one sum or by instalments, £10, or thereabouts, to a National Sick and Pension Benefit Society, which would secure, he contends, to him or her, when prevented by sickness from earning his or her usual wages, a sum of 8*s.* a week until 70 years of age, and after 70 years of age a pension for life, in lieu of sick pay, of 4*s.* a week. He proposes that this fund should be paid into and distributed by the Post Office under proper certification, thus giving to every contributor the advantage of claiming his sick-pay or pension at whatever spot in the United Kingdom might be most convenient to himself, and that the money should be invested under the authority of a board elected, if desired, by the contributors themselves, but restricted in their power of investment by special Parliamentary directions.

Mr. Blackley considers that his proposed pension would be a great boon to the working classes, and therefore includes it in his scheme of compulsory providence, on the ground that no adequate provision is made for this branch of working men's insurance by the voluntary institutions. He would take in the whole nation, because by doing so the payments of the poorer classes would be reduced; while on the other hand nobody could tell whether he would not come some day into the category of wage-earners, and thus the scheme would provide a real insurance for the upper classes also. As to fraud, malingering, and simulation, he thinks there would be an effective safeguard in the fact that the general public would have an interest in counteracting such practices and insisting on the strict management of the insurance, and he fails to see any reason why more personation and fraud should take place under a system of State insurance than in any society or club. He considers his institution absolutely secure, for he assumes that if a deficit were to occur, it could be made good by raising the £10 to £10 5*s.* or £10 15*s.* He does not believe that his scheme would supersede or injure the good Friendly Societies, especially the large Orders, to whom he does full justice; on the contrary, he points out how the effect of his scheme would be to kill the bad

Friendly Societies and get rid of them with all their evils. In this respect he has especially in mind the agricultural population, to whom the good societies are less accessible, and whom he would wish to preserve from being victimized by the bad ones. Ultimately he hopes that his system of national insurance will supersede that of the Poor Laws, and thus help to raise the moral character of the nation.

As regards the carrying out of his scheme, Mr. Blackley proposes that the £10 should be collected by the employer, deducting it in small instalments from the wages earned by the working men between 18 and 21 in his employ, and that in the case of people with means it should be collected by the usual method of the tax-gatherer. Mr. Blackley does not require any State guarantee, since he believes that any deficiency may be made good without pressing hard on the individual, by simply raising the £10; but he requires that the State, through the agency of the Post Office, should have the entire management of compulsory insurance.

Another system of National Insurance has been advocated by the Rev. John Young Stratton. He desires the establishment of a voluntary self-supporting institution, under the supervision and management of the Government.* Like Mr. Blackley, he would work his National Friendly Society through the Post Office, and hopes that the security thus offered by the Government would induce the majority of working men voluntarily to join it. He also defends his proposals by pointing particularly to the agricultural labourers, who get but little benefit from the existing system of friendly societies, and that in a very unsafe manner.

Only a few years ago, these and such-like proposals would have scarcely gained a hearing, much less an examination. It is the lively movement now going on in all grades of society in England

* He gave evidence before the Committee on National Provident Insurance in 1885, and has also explained his views in various writings, amongst others in his "Method of Improving the Labouring Classes by Altering the Conditions of Poor Relief, and Providing them with a System of Insurance through the Post Office" (London, 1872), and "Friendly Societies, State Action, and Poor Law" (London, 1882).

for the elevation of the working classes and the general improvement of their condition, and also, we repeat it, the influence exercised by the measures introduced in Germany in the sense of compulsory insurance for working men, which have brought this question into general discussion in England. A National Providence League has been formed for the promotion of national compulsory insurance against destitution arising from sickness, infirmity, and old age, which advocates these ideas, in the manner characteristic of Englishmen, by holding meetings, publishing pamphlets, and so forth. This league includes men of all political opinions, and the late Earl of Shaftesbury was one of their presidents. A quarterly publication, *The National Providence Reporter*, helps to promote the same cause.

In this way the advocates of a scheme of compulsory insurance succeeded in 1885 in obtaining the appointment of a Select Committee of the House of Commons, for the purpose of inquiring officially, for the first time in England, into "the best system of national provident insurance against pauperism." The leading witnesses in favour of universal insurance were Canon Blackley and the Rev. Mr. Stratton; while among others who gave evidence in favour of the free Societies were Mr. Reuben Watson, the Actuary of the Manchester Unity, Mr. Thomas Balan Stead, the High Chief Ranger of the Order of Foresters, and Mr. Shawcross, the Secretary of that Order. The evidence given by Mr. Ludlow, the Chief Registrar, and Mr. William Sutton, the Actuary of the Friendly Societies Registry Office, is especially valuable. The examination of Dr. Aschrott, of Berlin, formed an interesting episode in the proceedings. He endeavoured to explain to the Committee the German system of State insurance against sickness and accident.

The general result of the inquiry was to show that the advocates of compulsory insurance for working men were few in number. The most determined opposition came from the large working-men's Orders, who regarded the idea as chimerical and unworthy of notice. Less stiffly hostile were the country clubs, not yet affiliated with the large Orders. We shall give the best idea of the different views advanced on the subject of national insurance, by endeavouring to state the various objections raised against the

scheme of Canon Blackley, into the examination of which, as the report says, the inquiry practically narrowed itself.

Canon Blackley's proposal to insure the wage-earning classes by means of contributions levied from all subjects of the State was met on all sides with the objection that it was wholly unfair to limit the benefits of insurance to the wage earner, and that if framed upon a national basis, they must be extended to all alike, without distinction. On the other hand, it was urged with justice that, inasmuch as the scheme would materially diminish the poor-rates, the burden of which at present was borne exclusively by persons of means, all that this system of insurance would mean, was a partial though most important transfer of this burden to the needy themselves, since every one alike would have to pay his quota of £10.

Mr. Ludlow described the scheme as an addition to the Poor Law, a very heavy addition out of taxation to the poor rate for the administration on a large scale of out-door relief in the case of sickness and old age. It sought, moreover, to lay a burden upon a class of persons who were totally devoid of civic rights; the poll tax was to be paid by minors, who had no voice in the State. If ever there was taxation without representation, this was a case. It would be a hard matter for these men, on entering life, to pay the £10, and they were weighted at the outset.*

The gravest objection to his scheme, however, is the impossibility of checking fraud and simulation. Canon Blackley has faith in the effectiveness of a control which would result, in his opinion, from the fact that every one would be interested as a contributor in the proper management of the whole institution. To this, however, a witness replied that what is everybody's business is nobody's business; that nobody had any interest in protecting a fund any deficiency in which would have to be covered by the next generation; that it was as much already as the Friendly Societies could do to protect themselves, even in their small bodies, against simulation; that, on this account alone, a sick insurance managed by the Post Office would be an utter impossibility; and that, lastly, the question of identity would present

* Questions 1423, 1549

unsurmountable difficulties in receiving and paying out the money.

To these objections in point of principle were added a number of others dealing with particular points in the execution of the scheme. Competent authorities assured the Committee that the Post Office was utterly unable to act as the medium for general compulsory insurance without a disproportionate increase of its staff, which, however, would so increase the cost of the whole undertaking as to vitiate altogether Canon Blackley's computations. All the spontaneous, voluntary, and gratuitous work done by the organs of the Friendly Societies, would have to be performed by well-paid officials. Attention was drawn to the contradiction involved in the fact, that those who disliked work, and would never voluntarily agree to the payment of the £10, would have to be kept in the union to work out the sum, and thus the workhouse, from which this scheme was to deliver the labouring classes, would necessarily appear a more odious institution than ever. It was further shown that it was impossible to limit the number of persons insured with any proper reference to temporary employment and want; that the Government had no means of compelling those persons to pay the £10 who were neither taxed nor belonged to the working classes, and whose subscriptions, therefore, could neither be levied by additional taxation, nor by deductions from their wages.

We cannot here go further into the details of the question, we will only add that Mr. Sutton, in some notes printed in the Appendix to the First Report of the Committee, criticises the actuarial basis of Canon Blackley's scheme, and demonstrates clearly, in our opinion, its impracticable nature.

The only important matter left to notice is the attitude of the Friendly Societies with regard to this scheme, and the judgment pronounced upon it by the Chief Registrar, Mr. Ludlow. Canon Blackley's own idea is to work hand in hand with the large good Friendly Societies, especially the affiliated Orders, regarding, as he does, his system as a kind of minimum of insurance, and hoping and anticipating that the working men will resort for other branches of insurance to sound Friendly Societies. To this it is objected that his system would deprive these societies of their best mem-

bers, namely, young persons between 18 and 21, who would have to pay their £10 for national insurance just at this age, and would scarcely be able, therefore, to contribute the necessary amount to a voluntary Friendly Society as well. The Foresters, for example, can point to 60,000 juvenile members under 16 years of age, many of whom—there were 5,000 in 1884—enter the lodges afterwards as ordinary members; an addition to the funds of the Order which a system of national insurance would at least interfere with if not seriously endanger.

We have endeavoured, in describing the Friendly Societies in England, to show the close connection in various ways between the system of working-men's insurance and the national character, and its progressive improvement, because we recognise in working-men's insurance one of the most important means of at least partially liberating the working-man from anxiety as to his material future, and thereby raising his courage and enabling him to labour, like other classes of society, methodically and with a prospect of success, at his own intellectual and moral improvement, without having to fear that all his exertions may be rendered vain by some untoward accident, and he himself thrown back into his former miserable condition. The great aim of working-men's insurance must, therefore, be to afford to the working classes, towards the pursuit of an object in life, some part at least of that comparative security which is enjoyed by other classes of the community. But to attain this aim, the working classes themselves must also put forth their own strength, since State institutions alone can never accomplish it; and the effect, therefore, produced by these institutions on the self-supporting efforts and providence of the working-men is a question of the utmost importance. We have already referred to the compulsory system of insurance in Germany and Austria, introduced with the view of preparing the way for a settlement of the question, and certainly—assuming that the new laws are administered conscientiously, consistently and wisely—a good piece of work has been done socially. No one, however, can foretell at present what influence these institutions, even framed as they are, in the spirit of *prudent* tutelage, will have in the long run on the independence and self-reliance of the working classes. From the standpoint of English history and

of English character, so far as history has developed it, a very decided answer is given to this question, and was repeatedly given to the committee. It was objected to Canon Blackley's scheme that "it would be sapping the independence of men generally"; * that the spirit of brotherhood, which was so active in the Friendly Societies, and contributed so much to their prosperity, would be lost, and that the educational element, which played such an important part in these societies, and so enhanced their value as means of furthering the progress of the working classes, would cease to operate at all in the case of a State institution.

The connection of all these matters with the general conviction that undeniably prevails among English working-men, with regard to insurance, is very evident. The English working-man, by his sense of independence, his spirit of clanship, so to speak, and his growing intelligence, and by the ability afforded him, under a free government, of turning these qualities to account, has gained for himself by his own exertions a better position and higher wages, which are gradually enabling him to pay for his insurance himself, and for that purpose to keep the management of his insurance in his own hand. It is natural, therefore, that these strong and independent societies should not listen to any notion of compulsory insurance by the State; while, on the other hand, those weaker elements of the working class, which we have never omitted to take into account in judging the Friendly Society system as a whole, have not so flatly rejected the scheme. Nevertheless, while they express themselves in favour of carrying out the scheme in one shape or another, they have no immediate prospect of seeing their views carried out. The contrary opinion decidedly prevails, as is shown by the evidence given before the committee by Mr. Reuben Watson, the Actuary of the Manchester Unity. "Perhaps the worst effect," he says, "of the proposed national insurance system would be the creation, in another form, of some of the evils which it seeks to exterminate. There are multitudes of high-minded, intelligent working-men, who pride themselves on the honour of maintaining their individual independence. Such men would see in the proposed system of

* Question 724.

national compulsory insurance, an attempt to assist them in providing their sickness and annuity benefits by compulsory enforcement of contributions from the wealthy and well-to-do classes; and, as these would never themselves require the benefits insured, it would be looked upon *as a system of enforced pauperism*, and could not therefore be received with favour by such persons. Almost one-half of the contributors must be independent of the benefits stated; for otherwise these could not be provided for £10." *

No one, however, has shown how closely the question before us is connected with the whole progress of education among the working classes more clearly and convincingly than the Chief Registrar, Mr. Ludlow, in his evidence before the Committee. "It is perfectly clear to me," he says, "whatever Canon Blackley's friendliness to Friendly Societies may be, that this scheme must cut at the very roots of Friendly Societies' insurance, for the simple reason that the young men of 18 to 21 are the very best paying class of members to Friendly Societies; and certainly those who now join Friendly Societies would not do so if they had to pay £10 during those three years. That simple fact quite explains the opposition of Friendly Societies to it. But I think that, supposing the scheme were carried out in its entirety, it would be the most dangerous thing to the real interests of this country that could be imagined. I am convinced that it could not be carried out without ruining existing Friendly Societies, and I think that that would be one of the most fatal steps that could possibly be taken. I believe that our almost total exemption, with the exception of a few large towns, from the social democracy or the anarchic socialism of the Continent turns entirely upon this: that our working-men have been allowed, and have been accustomed, to manage their own affairs in those matters that most closely concern them, in their Trade Societies and their Friendly Societies; and if you dispense them from that, the active-minded amongst them will turn to other matters, and will go entirely into politics; and, whilst those who have been trained in the present system will carry into politics all the good sense

* Question 886.

that our own working-men do carry there at present, those who would be trained under a State insurance system would become as visionary and as mischievous as the like class on the Continent, where either State provision is made for these purposes, or where, as in France, Friendly Societies are hampered in a number of ways which they could not bear in this country. I cannot conceive, I say once more, of anything more fatal to this country than to take out of the hands of the working classes the management of their own affairs in these matters of sickness and labour insurance. I may say, once more, that I think the Friendly Societies are developing very rapidly, and it is possible that they might develop more rapidly under better conditions; and that certain alterations might be made in the law; and I should be very sorry indeed for anything which turned the voluntary associative thrift of this country into a mere system of compulsory providence." *

At present, as we have seen, there is no prospect of this. At the same time we are far from saying that the Englishman may not learn some wholesome lessons for the improvement of his own institutions, by comparing those on the Continent. He has, indeed, every reason for doing so, as we have observed when considering the law of Friendly Societies. The further reform of this law, and the development of a rational system of State supervision, are matters yet to be accomplished by him, and a comparison of the institutions of other countries can but aid him in the task.

The notion of a voluntary system of insurance under State management met with far less opposition before the Committee. It was looked upon as settled, it is true, that there could be no question of sick insurance being conducted by the Post Office or by any other Government department; but it is very characteristic that Mr. Ludlow himself was in favour of making death and even burial insurance a matter of State control.† The question of compulsion by the societies was also discussed, but it was evident from what was said by the spokesmen of the great Friendly Societies that they had not yet made up their minds on this point. It is opposed to the social spirit of the Friendly Societies, the

* Question 1,458. † Question 1,415.

best of which insist on regard being paid to the personal character and respectability of candidates for admission. We do not believe that the English Friendly Societies will be inclined, nor do we think they would do wisely, to abandon this principle in favour of compulsion, which, although it would bring them many new members, would also bring them many doubtful and undesirable ones, who might prove extremely dangerous to their social spirit.

To sum up our opinion as to all these efforts, it is impossible, we think, that institutions which owe their origin to entirely different principles, should be grafted on each other, since in all human institutions the good is closely blended with the bad. What the spirit of Englishmen has done in their working-men's associations, it has done by the spontaneous, independent development of its own strength; if any attempt is made to remedy the defects of this development by crippling it by means of compulsory institutions, the defects would probably not be removed, and the power of development would certainly be paralysed. Thus the course to be pursued in future by working-men's insurance in England seems to be marked out by certain special conditions, the practical application of which may indeed be modified by some necessary correctives, but which will not admit of these institutions being led into an entirely different path.

Note.—When I wrote the above chapter, only the first of the Reports (1885) from the Select Committee on National Provident Insurance had appeared. Since then two more have been published (1886 and 1887), by which the parliamentary investigations on this subject have been concluded. I find no occasion to change the judgment I have given. According to my opinion, the Commission has, in its final reports, decided rightly. I have already declared that the sick and accident insurance, according to Canon Blackley's scheme, would be an impossibility. It would undoubtedly be desirable that young people should be taught economy and a knowledge of insurance in the schools. The necessary development of the Act of 1875 is to render more strict the conditions under which the Friendly Society will be registered, as well as to extend the official powers of the Chief Registrar. A system of compulsory insurance for the officers of the Crown is likewise a question under discussion. Lastly, it is very important that in England people should also be convinced that the superannuation question cannot be solved by the Friendly Society alone. We add here the "Conclusions," as they were adopted by the Committee:—

"CONCLUSIONS.

"27. The actuarial and administrative difficulties in the way of universal insurance against sickness and accident are sufficient to prevent your Committee from recommending the adoption of a compulsory scheme of that nature; but they desire to urge on the Legislature the duty of encouraging and regulating the efforts of those, whether Friendly Societies or private employers of labour, who are at present endeavouring to facilitate provident insurance by workingmen; and, further, of watching with a careful eye the development of compulsory industrial assurance in Germany, and of special inquiry from time to time into the success of its administration, and its effect on the working classes in that country.

"28. Your Committee are of opinion that it is highly desirable that the Legislature, which has made education compulsory, should cause instruction in sound principles of thrift and insurance to form part of that education. An elementary text book in the principles of provident insurance, such as is recommended in Mr. H. S. Tremenheere's Paper (Appendix 1 [1887], Section 10), might, in Mr. Sutton's opinion, be comprised in a few pages, and if introduced by the Education Department into the routine of elementary schools, prove of infinite advantage to the whole mass of the population, and ultimately, by the diffusion of knowledge, sap the evils of improvidence and imprudent investment to which so many miseries have been ascribed in the evidence before your Committee.

"29. The present system of registration of Friendly Societies cannot be considered satisfactory. Societies are allowed to register without any requirement on the part of the Registrar that their scales of contribution are adequate for the benefits promised. Your Committee would suggest that, when the actuarial tables which are being prepared in the Registrar's office are complete, a minimum contribution for a given benefit should be fixed when the constitution of the society will admit of this, and no society in future should be registered with less than that minimum; and that it be provided by the rules, that the contribution be raised or the benefit reduced after valuation, if necessary, on pain of suspension of registry. Your Committee are aware that such a plan would be accompanied with considerable difficulties, but they believe these difficulties could be surmounted.

"Were this plan carried out, and greater powers given to the office of the Registrar of Friendly Societies than it at present possesses in connection with the registration of societies' rules, and with a view to the securing an efficient audit, the proper investment of funds, and the protection of benefit funds from any inroads upon them for management expenses, it is believed that registration would be of far greater value to the members of these societies than under the present arrangements. It is desirable also that the facilities for the prosecution by a public authority of societies or officials, especially when fraudulent practices have taken place, should be enlarged. Your Committee think that the appointment of a Select Committee to inquire into the working of the Friendly Societies' Acts might lead to very useful results.

"30. Your Committee are of opinion that all persons hereafter appointed to

the service of the Crown, whether civil or military, whose service at present counts towards pension, should contribute towards that pension by a percentage deducted from salaries or pay. The steady and rapid growth of the pension list points to a proximate revision of the entire policy of burdening the public with the provision of pensions; the enterprise of private individuals and firms (such as has been witnessed to by Sir Edward Walter and Mr. Aird) indicate the advantage of compulsory self-help (which it might be proper to supplement with State-help); and your Committee recommend that not only in service, counting under the present system towards pension, but also in the police and other unpensioned branches of the public service, contribution to a pension fund should be made obligatory. But in order to obviate the hardship inseparable from loss of contribution upon death or leaving the service, the insurer in the latter case, his representatives in the former, should be entitled to receive his total contribution with interest.

"31. The financial objections to be urged against Canon Blackley's proposals for national insurance do not press with such force against the deferred annuity part as against the sick-pay part of his scheme. As regards the principle of compulsion, there would possibly be quite as strong objections raised in this case as in the case of sick pay. But, bearing in mind that deferred annuities can be purchased early in life for comparatively small amounts, it would appear to be eminently desirable to give every reasonable opportunity and encouragement to young persons to purchase those annuities; thus, at all events, securing to them provision for their wants when past the age for labour. It was pointed out in evidence (1,840, 1,847, [1885]), that the present Government system of deferred annuities is capable of very considerable improvement, and in this direction the Committee are of opinion that much good might be done.

"32. Another great objection from which this part of the proposal is entirely free is that of interference or competition with any existing organization whatever. No voluntary organization, even if providing the method, can attract the membership to such a fund.

"Thus, although the Manchester Unity possesses calculated rates of payment, and actually has established a paid-up superannuation, one of its directors, Mr. Holmes, stated (767 [1885], that two years after its establishment only four members out of 600,000 had joined it.

"The provision of a pension, superannuation, or annuity, was most strongly urged by several witnesses, and, in fact, apart from general objections to compulsion, which were little pressed throughout, the objections brought against Canon Blackley's proposals were exclusively directed against the sick-pay portion of the scheme, and not at all against the provision of pensions.

"33. Your Committee are, however, disposed to wait for the further development of public opinion, which they believe would ensue upon the carrying out of the recommendations contained in paragraphs 27, 28, and 30, before advising the adoption of a general obligatory system of superannuated pay.

"Your Committee, although unable to recommend the adoption of Canon Blackley's scheme, feel that they cannot conclude their Report without recording their sense of the disinterested patience and energy with which he has

laboured to remove the causes which tend to drive the poor into the workhouse. He has brought to light an immense deal of information on a subject which lies at the root of the happiness and welfare of large masses of the population, information which cannot fail to prove useful in any future legislation which may be undertaken; and his proposals, though in the opinion of your Committee they appear objectionable in some respects, and impracticable in others, contain more valuable suggestions, and seem to be based on more extended knowledge, than any of the other schemes which have been brought under their attention."

CHAPTER VI.

The Two Great Orders.

Pre-eminence of the Manchester Unity and Foresters.—Their growth in Numbers and Capital.—Distribution of Districts and Lodges.—Financial Statistics.—Admission of new Lodges.—Suspension and Expulsion of Members.—"Clearances."—Education Value of the Organization.—The Districts.—General Meeting of Delegates.—Executive Council.—Secretary.—Sick Insurance.—Burial Allowances.—Classification of Sick Benefits and Premiums. Widow and Orphan Insurance.—Relief to distressed Members.—"Travelling cards."—Funds administered by the Central Body.—Assistance to distressed Lodges.—Superannuation Insurance.—Social importance of the Orders.

Hitherto we have discussed the origin and various forms of the English Friendly Societies and the great movement of internal reform. We have considered, further, the attitude of the State and legislation in relation to the question of working-men's insurance in England, and particularly the influence exercised by legislative measures on the development of the Friendly Societies. In adding to our general observations two studies of detail, namely, an inquiry into the two great Orders, which forms the subject of this chapter, and also into the system of accident insurance adopted by the miners, which will form the subject of the next one, we do so in the belief that, having placed before our readers all the leading conditions which are guiding the development of the Friendly Society system as a whole, we shall best enable this institution to be fully understood by considering, in their growth, connection, and results, the administrative organism and actuarial principles of some great associations, which represent the most modern forms of the system of English working-men's insurance.*

* See "The Friendly Society Movement; its origin, rise, and growth; its social, moral, and educational influences," by the Rev. John Frome Wilkinson. London: Longmans, Green & Co, 1886. Mr. Francis G. P. Neison has

The two great working-men's Orders, to which we have already had frequent occasion to refer, namely, the Manchester Unity and the Foresters, are extremely important in several respects. The great Orders, in general, are those associations in which the various purposes of insurance are provided for in the most rational way, and in which the system of working-men's insurance is being more and more concentrated; they are gradually absorbing the hitherto isolated societies; they are the literary leaders of the whole movement of reform, and their widely ramifying connection with public affairs also, and especially with Parliament, makes them the foremost representatives of all the independent Friendly Societies. Of all these Orders, the Manchester Unity and the Foresters are, both numerically and financially, by far the most important, and on all the points we have mentioned they take the undisputed lead.

We propose, therefore, to consider first the growth, extension present position, and financial operations of these two Orders, with a view of passing on then to examine their internal management, and seeing how far they fulfil their purposes of insurance.

written two small works on the Manchester Unity and the Foresters which are full of valuable information, viz.: "The Manchester Unity of Oddfellows," second edition, London, 1871, and "Some Statistics of the Affiliated Orders of Friendly Societies (Oddfellows and Foresters)," printed in the Journal of the Statistical Society, March, 1877, and also published as a separate book. London, 1877: Harrison & Sons.

We have also consulted the official publications of the two great Orders. First there are the "Rules of the Independent Order of Oddfellows, Manchester Unity, Friendly Society," 1884, Manchester (published and sold by the Grand Master and Board of Directors at their offices, Grosvenor Street, Chorlton-upon-Medlock), consisting of no less than 88 elaborate articles; and the "General Laws of the Ancient Order of Foresters Friendly Society, as amended at the H. C. M. 1884," Leeds, 1884, containing 116 articles. Besides these, there are the quarterly reports prepared and published by the central bodies of each Order from the materials furnished by the reports of the various lodges with regard to their financial condition, number of members, and other objects of importance; as well as the compiled statements of the financial returns, which are annually submitted to the general assembly of delegates, and contain, in addition to the actual figures, interesting comparisons with previous years. Lastly, we have before us the model rules and a number of rules and balance-sheets of various lodges and districts. A valuable supplement to these materials is supplied by the essays in the periodicals published by the Order.

In point of figures both of these Orders present at present an imposing appearance. At the close of 1884 the Foresters had a total of 623,288 members and funds of £3,584,105, out of which 584,600, members, representing £3,223,276 capital, belonged to the United Kingdom alone. The Manchester Unity, at the same period, had 593,850 members, and no less than £6,034,587 funds, including, for the United Kingdom alone, 531,576 members, and funds amounting to £4,817,678. Each of these two Orders had over 4,000 lodges (called "Courts" in the Foresters), the majority of which are registered. It is interesting to survey the origin and growth of these Orders, and the fluctuations they have each experienced. It gives us an idea how, along with the expansion of English manufactures, and the increase of the manufacturing population, the latter have combined to form powerful associations, to fight with their united forces for the improvement of their material position. We have quoted figures in our introduction to show the progress of English industries; we will quote now, as a corollary, some figures which will show the progress of these Orders.

Let us take first the Manchester Unity. This Order originated in 1812, and in 1822 was constituted under its present title in Manchester, with a strong leaning to the usages and tendencies of Freemasonry. One of their first honorary members was Henry (afterwards Lord) Brougham. From the North of England the Order gradually extended over the whole island, as well as to Ireland and foreign countries. In 1832 it numbered 31,042 members, in 561 lodges and 82 districts. After that the number rapidly increased. In 1857 there were 229,049 members; in 1865, 353,556; in 1870, 442,575; in 1883, 593,850: and at present there are more than 600,000. We are aware that in earlier days this growth was anything but peaceful and steady, but that the very movement of reform and the sacrifices it imposed on the lodges and individual members, led to numerous secessions. The extension, therefore, of this, as of all the other Orders was subject more or less to occasional fluctuations. Since 1848 the annual number of new members has varied from 4 to 9 per cent., the losses by death from 1 to 1·3, and of withdrawals from 3 to 5·50.* These

* Neison: "Some Statistics," etc., p. 49.

withdrawals were either those of entire lodges or of individual members from the lodges. To a certain extent such fluctuations will occur in all voluntary societies, and the value of consolidation consists in this, that the coming and going of members from one lodge to another is made as constant a quantity as is possible. Looking back over several years, we see that the secessions from the Manchester Unity have been significantly numerous. Thus, between 1848 and 1875 the Order lost no less than 1,215 lodges, either by dissolution, suspension, expulsion from the Order, or withdrawal.* As regards the extension of this Order, its strongest position, relatively speaking, is in the South of England. In 1876 it numbered in the southern counties 136,000 members, in the midland counties 110,000, and in the manufacturing north 166,000, and in the Conservative south was growing more vigorously than in the north.

In the colonies the Manchester Unity obtained a footing long ago. In Australia it has existed since 1840; on the Australian Continent it numbered 15,887 members in 1864, and 44,295 in 1884, and in New Zealand 2,006 and 9,091 members in the corresponding years.†

The growth and extension of the Foresters' Order has been still more rapid. This Order contained, in 1832, more than 10,000 members in 358 lodges, and has now between 600,000 and 700,000. The following table shows the rate of increase during 40 years.‡

* *Ibid.*, p. 58.

† See Appendix C.

‡ It is taken from the Directory published by the central body of the Order.

Year.	Members.	Districts.	Courts.	Average Members per Court.
1845	65,921	146	1456	45
1850	80,089	165	1553	52
1855	105,753	164	1725	61
1860	168,576	181	2239	75
1865	301,077	225	3493	86
1870	376,663	249	3931	96
1875	491,196	275	4323	114
1880	555,062	298	4585	121
1884	633,288	296	4866	130
1886	**667,570**	**295**	**5007**	**133**

These figures show that the total number of members has increased tenfold during the last forty years, and we have therefore every reason to assume that the extension of this Order not merely keeps pace with the extension of commerce and the increase of the working classes, but far surpasses their development, and has gained important ground. It is true that this is not altogether new ground, the Order having gradually absorbed a number of societies which formerly were independent; but nevertheless it cannot be doubted that this Order, and with it the other, has succeeded in establishing a rational system of insurance for different grades of the working-classes which forty years ago either knew nothing at all about Friendly Societies or were forced to be content with the most insecure public-house clubs.

The number of districts and courts belonging to the Foresters has not increased, however, at the same rate as that of members, the districts having only doubled and the courts more than trebled during this period. There is a steady increase in the average number of members in each court, and consequently a steady improvement in the actuarial basis of the various societies, whose vitality depends not only on their being supported for certain purposes of insurance by the districts, but also obtaining for the sick insurance business, which they exclusively conduct, a field of operation which, if limited in extent, is nevertheless sufficient to furnish them with average experiences.

The following table shows the distribution of members in 1884:

In England	504,451	members,	210	districts,	3,616	lodges.
„ Scotland	36,419	„	20	„	194	„
„ Ireland	2,186	„	2	„	31	„
„ Wales	29,398	„	25	„	285	„
„ the Colonies . . .	37,326	„	24	„	426	„
Abroad (chiefly in the United States). . .	22,508	„	15	„	314	„

Let us glance now at the financial operations of these two great Orders.

The following statement will show the financial operations of these two great Orders in the United Kingdom for 1884:

Orders.	Number of Members.	Total of Capital.	Yearly Income.	Annual Expenditure in	
				Sick Fund.	Burial Fund.
		£	£	£	£
Foresters . . .	584,600	3,223,276	641,444	395,070	96,940
Manchester Unity .	531,576	5,519,000	843,595	467,867	117,847

The above figures * speak most plainly for the importance of these two great Orders. We will quote again from Mr. Wilkinson the statements of receipts and expenditure for the ten years 1873–1883, which will show even more clearly the work which these Orders have done.

The income of the Manchester Unity during this period was as follows:—

Subscriptions from members, £5,438,000
Interest on capital . . . £1,670,000 } £7,108,000.

The expenditure amounted to—

Sick money £3,838,000
Burial money . . . . . £1,075,000 } £4,913,000.

The capital in 1873 amounted to £3,412,000, being more than £7 per head, and in 1883 to £5,519,000, or £9 10*s.* per head.

The income of the Foresters during these ten years was as follows:—

Subscriptions from members, £4,678,000
Interest on capital . . . £686,000 } £5,364,000.

The expenditure amounted to—

Sick money £3,193,000
Burial money . . . . . £851,000 } £4,044,000.

The capital in 1873 amounted to £1,673,000, or about £4 per head; and in 1883 to £3,584,000, or about £6 per head.

From these figures it is evident that the Manchester Unity is financially in a better position than the Foresters; the reasons very likely being that the former began to reform its tables of premiums at an earlier period; that in Mr. Ratcliffe they possessed

* Wilkinson, p. 116.

a servant whose aid was invaluable in this matter, and that they were able to raise their subscriptions, since their members belonged not only to the flower of the working classes, but also to the smaller middle class. It would be unfair, however, not to recognise that the Foresters have made great efforts during the last twenty years to strengthen their financial basis.*

The machinery of management and the actuarial system of the two great Orders are substantially the same.

The broad basis of the whole organization is formed by the lodges, some of which have been founded in connection with the Order, and others have been received into it, having previously been isolated Friendly Societies. The foundation or admission of a lodge takes place on a "dispensation" being given by the Board of Directors. By this the lodge is made subject to the general rules of the Order; it undertakes the obligation imposed by the Act of 1875, of being registered within twelve months, and is bound to submit to the decrees of the Annual Moveable Committee and the decisions of the Board of Directors. Both Orders have compiled model rules, intended to facilitate the constitution of new lodges, and to bring their rules gradually into general accord. With regard to the relations of the lodges to the Order, we must repeat what we have stated before, that the lodges are societies independent of each other. Their connection with the Orders was

* The following table is compiled from the Foresters' Financial Returns for Great Britain and Ireland :—

Year.	Income.			Expenditure.		Funds.	
	Contributions from Benefit Members for Sick and Funeral Allowance.	Interest.	Entrance Fees.	Sick Allowances.	Funeral Allowances.	Court Sick and Burial Funds.	Districts Burial Funds.
	£	£	£	£	£	£	£
1865	244,195	20,536	13,924	153,540	50,836	723,869	75,732
1870	332,047	34,767	13,284	220,724	77,784	1,166,877	129,566
1875	427,110	52,676	14,918	282,165	83,111	1,695,962	184,825
1880	477,568	74,517	9,560	341,015	86,073	2,254,980	248,489
1883	523,276	87,444	8,175	382,507	94,722	2,607,330	293,565
1886	**569,436**	**101,751**	**6,626**	**452,505**	**104,425**	**2,955,167**	**349,918**

formerly but a loose one, but latterly they have been striving to make it closer and more binding; and their efforts in this direction, notwithstanding all complaints of "centralization," continue to make steady progress, owing to the urgent demand for the concentration of once scattered forces made by actuarial reform. Their powers of self-government, however, are still very extensive, and the central authorities of the Order are neither able nor willing to enforce the compulsory provisions of the general rules against negligent or refractory lodges, never resorting, unless absolutely compelled, to suspension or expulsion from the Order. Every lodge elects its own officers, its committee of management, and its trustees; is bound, as regards its new members, by the official tables of premiums authorised by the Order, and defrays the costs of management by a rate; these costs, as well as those of all the various branches of insurance, having to be stated in strictly separate accounts, none of which is allowed to supply any deficit in another.

The enforcement of all these requirements by the central government of the Order is limited by a due regard to the spirit of independence so strongly stamped on the individual lodges. The same remark applies to the rules respecting the admission of new members to the lodges, a matter depending on age (the limits being 18 and 40), as well as good character, and a medical certificate of health. On the latter point, however, many lodges are lax.

The rules as to the suspension or expulsion of members from the lodges are important. The commonest reason is non-payment of the contributions. On this subject, the rules of the great Orders, as well as those of most Friendly Societies, contain provisions intended to prevent a member's temporary inability to pay from causing his immediate expulsion, and the consequent forfeiture of all the benefits to which he has entitled himself by a membership of perhaps many years. The lodges of the Manchester Unity and Foresters provide that a member for his first default of subscriptions shall pay a fine, and for his second default be suspended for twelve months, during which time he shall receive no benefits, but that he can regain all his rights on paying up all arrears. His expulsion from the lodge, involving the for-

feiture of all his claims to benefits, does not take place until a year and a quarter after his arrears commenced.

Expulsion from the Order follows if a member has been convicted of certain criminal offences in a court of law, or on an award of the Arbitration Committee, finding that he has been guilty of "any disgraceful conduct or offence calculated to bring disgrace upon the Order."

From a social and political point of view, great importance attaches to the means adopted by the Orders for promoting the free movement of their members. It is a result, as Carl Marx has rightly observed, of the increased division of labour and the fluctuations in production, that workmen skilled in only one branch of trade fall into circumstances into which they find themselves without occupation and without the means of removing to another place of residence, and thus "fall victims to the immobility caused by the division of labour." We shall find this matter taken up by the Trades-unions, but we must remark here that it has not escaped the notice of the large Orders, though as yet they have only begun to settle it. Among other means of dealing with it is the system of what are known as "clearances" and "travelling-licenses." The object of a clearance is to enable a member residing at a distance from his lodge to transfer his membership to another lodge. Clearances can only be granted by the Board of Directors, and according to the circumstances of the case; any lodge to which a member desires to remove may refuse to receive him; no clearance can be granted to any one over 40 years of age, and the member, previous to admittance, must be re-examined by a doctor—all restrictions which have hitherto prevented the arrangement from being acted on to that extent which the interests of working-men's migration demand. The Manchester Unity has, during the last few years, granted annually between 600 and 1,000 clearances, and the Foresters somewhat over 1,000,* certainly small figures compared with the large aggregate of members. The want, which would demand a complete carrying out of this management, is partly met by the

* Neison, "Some Statistics," p. 78. In 1886 the Courts of Foresters granted in the whole 1,143 clearances, and 677 licenses to members in search of employment.

fact that one lodge serves as a place of payment for another, so that, if a member changes his place of residence to another, where there happens to be a lodge, he can pay into it his contributions, and receive from it his benefits, both being placed to the account of the lodge to which he belongs.

Official life in the lodges forms a particularly valuable school for practical discussion, and for a business-like treatment of often difficult questions. The members of the lodges are bound, under penalties, to undertake official duties; the officers are renewed every year, with the exception of the secretary, who forms, in every lodge, the permanent element of administration.

The meetings of the lodges of the great Orders, like those of most of the Friendly Societies, were formerly occasions of much drinking. Both the Manchester Unity and the Foresters have set a good example in putting down also this abuse. They have removed, with their lodges, from the public-house to other places of meeting, and have often built or hired rooms of their own for the purpose. Many of their lodges have lately identified themselves with the temperance movement. The Foresters, in 1880, had 678 Temperance Courts, containing 112,049 members, most of them total abstainers, at whose meetings all spirituous liquors were forbidden. In 1884, the number of these lodges increased to 801, with 138,812 members, being nearly one-fourth of the whole Order. It is interesting to notice—and the fact speaks more eloquently than all reflections on this movement—that, since 1880, the funds of the temperance courts have increased by 37 per cent., as against 16 per cent. in the case of the other courts, while the corresponding increase in the number of members has been 21 as against 13 per cent.*

We come now to the districts of the great Orders. These associations are links between the central body of the Order and the various lodges. No lodge is compelled to join a district branch, and there are a number of lodges in both Orders which have remained independent, preferring to be subject directly to the central body. The advantages, however, of these intermediate branches are so great, and they afford to the lodges such valuable

* *The Foresters' Miscellany and Quarterly Review*, No. cxi., vol. xiv., p. 417.

financial support, that no doubt in time there will be only a few isolated lodges, remaining outside the districts.

Every lodge sends a delegate to the quarterly district meetings, which elect the district officers. The district has special rules, which must conform, however, with the general rules of the Order.

The district, as the link between the central body and the lodges, serves as an intermediate court of appeal, and as a supervising authority over the lodges.

The lodges are bound to send in yearly balance sheets and reports, as well to the district as to the central body, and the districts have the special duty of satisfying themselves from their perusal that the lodges have complied with the rules of the district and the general rules of the Order. The district committee has accordingly the right of superintending the management of the various lodges, examining their accounts and books, and directing such arrangements and improvements to be made as may be deemed necessary. The rules of the Manchester Unity provide that the district committee shall elect annually one or more competent members to examine the lodge books in the district, and that the books of every lodge in the district shall be examined at least once in two years. If the accounts, as stated by the lodges, are found to be incorrect, the district can direct that a proper audit shall be conducted at the expense of the lodge, and the books taken away for that purpose. The district can expel any lodges not complying with their rules, reserving the mode of procedure to the decision of the central body, founded on information given by the district. The district itself can be suspended for disobeying the central body, and eventually expelled from the Order, as has actually been done in some cases by the two great Orders.

At the head of the whole organization, comprising all the districts and lodges, stands the central management of the Order. This consists, first, of an Annual General Assembly of Delegates (called in the Manchester Unity, the "Annual Moveable Committee," and in the Foresters, the "High Court"), which forms the supreme legislative body, the parliament of the Order; secondly, of an Executive Committee (called in the Manchester

Unity, the "Board of Directors," and in the Foresters, the "Executive Council"), under the presidency respectively of the Grand Master and the High Chief Ranger; and, lastly, of the standing Secretary, called respectively the "Corresponding Secretary" and the "Permanent Secretary," who is the soul of the entire management.

The General Assembly of Delegates of the Manchester Unity is held annually on Whit-Monday, and that of the Foresters on the first Monday in August. It generally lasts a week, is opened with Divine service and a sermon suited to the occasion, and affords, during the course of its proceedings, by means of common excursions, social meetings, festive processions, and so forth, not only recreation from business, but also various opportunities for the interchange of ideas and experiences between members from all parts of the United Kingdom, and sometimes even from foreign lodges. The business conducted at these general meetings relates to alterations in the rules of the Order, and scarcely a meeting passes without some amendment being made. Again, there are the resolutions to be considered which have been submitted by the Executive Council, as well as proposals made by the districts or individual delegates; and further, the business of the Executive Council and the general condition of the Order, the investment of funds, the requirements and observance of the Friendly Societies' Act of 1875, the accounts of the various lodges, and so forth. Of late years the question of superannuation has excited the liveliest interest at the general meetings of both the great Orders. The proceedings also regularly include the vote of a charitable contribution to the hospital of the town where the meeting is held. They conclude with the election of the Grand Master, the Executive Council, and the appointment of auditors and arbitrators for the coming year.

The Executive Committee holds a meeting every week, at which the permanent Secretary reports, and the Council decides. Very much depends on the secretary, as we have more than once had occasion to observe. The Foresters regard with great esteem and gratitude their Secretary, Mr. Samuel Shawcross, who has laboured untiringly at his duties for more than forty years, and conducted the most extensive statistical inquiries, and whose

quiet, constant, and devoted labours have been invaluable for the progress of the Order. The Manchester Unity is similarly indebted to the services of its Corresponding Secretary, Mr. Thomas Collins.

The most important duty of the Executive Committee is the superintendence of the management of the districts and lodges. It is authorised and bound to examine the books and accounts, to protect the minority in the lodges, and to watch over the observance of the rules of the Order. The annual reports, which all the lodges are required to furnish, enable it to obtain a complete view of their condition. From these reports is compiled a general directory, containing not only statistical information, but also the addresses of all the lodges, districts, and officers. Every annual report must be accompanied by a valuation of the property of the lodge, and from the many thousand documents thus furnished, the Secretary prepares his Compiled Statement of the financial returns, which supplies an excellent summary on all material points. The Executive Committee also arranges the general meetings of delegates, and appoints the order of business, for no subject can then be discussed unless the Executive Council has been previously acquainted with it.

We proceed to ask how has this machinery of government fulfilled the purposes of working-men's insurance? This question has been substantially answered in the foregoing chapters. We have seen the efforts made by the great Orders for the furtherance of actuarial science, and the success those efforts have achieved; we have seen how the various purposes of insurance are more and more differentiating, and being distributed among larger or smaller societies; and we have seen, lastly, how the financial condition of the Orders has improved, and thus the whole institution acquired more stability and social importance. It remains to complete this picture, and, in order to do so, it will be necessary to repeat some observations already made.

Sick insurance is conducted exclusively by the lodges. It has been attempted, indeed, to extend sick risks to the districts by means of equalisation, and the attempt in some cases has not been unsuccessful; but the general fact remains, that the close and personal control demanded by this branch of insurance must con-

tinue to restrict it to the small social societies. As regards the extent of sick benefits, their amount varies in the large Orders from 6*s.* to 14*s.* a week. The Orders have prepared tables of corresponding premiums, with the view of enabling their members to select from them according to their wishes and means, and, comformably with the practice of many other Friendly Societies, they have adopted the principle of reduced benefits for a prolonged duration of sickness or of the consequences of an accident. For a certain time—varying from six to twelve months—the member receives the full amount, for a subsequent period two-thirds or one-half, and after that, irrespective of time, and therefore in the case also of chronic illness or of permanent disablement caused by a serious accident, often one-half, but usually one-quarter. This graduation, indeed, is frequently objected to, on the ground that it is exactly a long illness which completely exhausts the means of the working-man's family, and that it is an anomaly and hardship, therefore, to reduce his benefit in proportion as his need increases. It must not be overlooked, however, that this assessment of sick benefits includes, to some extent, a provision against permanent infirmity, and that the benefits could only be maintained at their full original amount by increasing the premiums, a thing as yet impracticable. And lastly, sick insurance includes also accident insurance, though many lodges of the Manchester Unity and the Foresters now require higher premiums from persons who are exposed to extra-ordinary risks.*

* On this point Mr. Reuben Watson, the actuary to the Manchester Unity, gave the following evidence in 1885 before the Select Committee on National Provident Insurance :—

"Q. 956. Upon the whole, is the scale of payments now adopted by the Manchester Unity a safe one?—Yes, perfectly safe, so far as they apply to ordinary occupations ; but in the Manchester Unity, as in other societies, it has been the practice in mining districts, and in districts where people are engaged in quarries and very heavy labour, and so on, to only pay by the same tables. The Board of Directors of the Manchester Unity are now endeavouring to remedy that by supplying tables adapted to the experience of these more hazardous occupations ; but you know that when they try to say, 'You must pay more money,' the difficulty is tremendous.

"Q. 957. Therefore a new branch established in a mining district would have a higher scale of payments to make than in an agricultural district?—Yes."

The management of sick insurance in the lodges is as follows: The official entrusted with the control of the sick fund performs his duty usually for a nominal remuneration (in the Foresters' Courts it is only threepence a week). Within two days after receiving notice of a case of sickness he is required to visit the member in question, and so long as the sickness continues—except in infectious cases—to satisfy himself personally once a week as to the patient's condition, to consult, if necessary, the doctor, and to report all cases and their progress at the meetings of the lodge. Every lodge appoints one or more medical officers, who receive a fee for attendance, and, as the case may be, for medicine or medical appliances, calculated generally by the number of ordinary members of the lodge; for instance, in one of the Foresters' Courts at Manchester it is 2*s.* 8*d.* annually per head. These medical officers are bound to attend the patients, as the nature of the case demands, either in hospital or at their own houses, and to certify to the secretary when the patient does not require, in their opinion, any further treatment and support, after which the matter is decided at the next meeting of the lodge.

The insurance of burial money, or of a sum payable at death, so far as it falls under the purview of Friendly Societies under the Act of 1875, is at present still a matter managed mostly by the lodges. As a rule the tables of premiums are so compiled as to include sick and burial allowances in one and the same scale of payments.* A tendency, however, is undoubtedly apparent to transfer the funeral benefit to the districts, against which no objection exists on the score of insufficient control, and which offer for this branch of insurance the decided advantage of a broader basis. As a proof of this tendency, which, although at present in its infancy, may nevertheless produce decisive effects when developed, it may be mentioned that in the Foresters the district funds for burial insurance (in Great Britain and Ireland) in 1865, amounted together to £75,732, and in 1886 to no less than £349,918.

Widow and orphan insurance is as yet in its earliest stages. It is just now the subject of much study and various proposals, but

* We give here the tables of the Manchester Unity, contained in the rules of the Order, and which relate to sick (inclusive of accident) insurance, as also

nothing of an effective and safe kind will be done until the matter is taken up by the district and not the lodges. In 1886 the Foresters' lodges in Great Britain and Ireland, which undertook this insurance, showed receipts of £7,001 for this purpose, £5,810 expenditure, and funds amounting to £43,518.

Much importance belongs to the benefits offered by many lodges for temporary relief to members in distressed circumstances, and for assisting them when compelled to travel in search of employment. These benefits are obviously incapable of any actuarial calculation, and the matter is simply one of what funds the lodges can raise for this purpose by means of larger or smaller levies. The total sum annually expended by the lodges of the free Orders for the relief of distressed members is not large, but, considering its increase, is not to be underrated. In the Foresters' Order it rose from £5,108 in 1872, to £13,397 in 1882. Of course, in the face of a great crisis, with its general distress and the consequent

insurance of burial money. These tables are accepted by all the newly formed lodges of the order; the old lodges, however, confine them for the most part to new members.

These tables show five classes of insurers, graduated as follows, according to the amounts of sick and burial allowances:

Class I. Sick benefit of 7*s.* per week; £7 at the death of a member, and £3 10*s.* at the death of a member's wife.

Class II. Sick benefit of 8*s.* per week; £7 at the death of a member, and £4 at the death of a member's wife.

Class III. Sick benefit of 9*s.* per week; £9 at the death of a member, and £4 10*s.* at the death of a member's wife.

Class IV. Sick benefit of 10*s.* per week; £10 at the death of a member, and £5 at the death of a member's wife.

Class V. Sick benefit of 12*s.* per week; £12 at the death of a member, and £6 at the death of a member's wife.

(The Foresters' have seven such classes in their tables, there being also a lower class, with 6*s.* per week for sick benefit, and £6 payable at a member's death, and a higher one with corresponding benefits of 14*s.* and £14.)

Inside these classes the amounts of the premiums vary with the length of sickness insured against, and the age of the member on insuring, higher premiums being naturally demanded in the case of insuring for prolonged illness or more advanced age. The reduction of sick benefits according to the duration of sickness can be effected according to the most various modes of graduation; and the Manchester Unity have appended five tables of premiums to their rules, giving different combinations, so as to enable the members of the lodges to choose between the higher and the lower scales of payment.

inability of the working classes to contribute, this source of relief would speedily dry up, but in normal times it has certainly had a wholesome, if only a limited, effect. The same remark applies to the relief of members travelling in search of employment. This relief is assured in the form of "travelling cards," which the

Each of these five tables, which we give below, corresponds with the five classes above mentioned, and is graduated according to the age of the member.

Table I.

Sick benefit in full for the first 12 *months' sickness.*
„ „ in half for the whole subsequent period of sickness.

Class I. Sick benefit, 7s. Burial money, £7 £3 10s.		Class II. Sick benefit, 8s. Burial money, £8 £4		Class III. Sick benefit, 9s. Burial money, £9 £4 10s.		Class IV. Sick benefit, 10s Burial money, £10 £5		Class V. Sick Benefit, 12s. Burial Money, £12 £6	
Age.	Contribution per month	Age.	Contribution per month.	Age.	Contribution per month.	Age.	Contribution per month.	Age.	Contribution per month.
	s. d.		*s. d.*		*s. d.*		*s. d.*		*s. d.*
18	1 1	18	1 2	18	1 4	18	1 6	18	1 9
19	1 1	19	1 2	19	1 4	19	1 6	19	1 9
20	1 1	20	1 3	20	1 4	20	1 6	20	1 10
21	1 1	21	1 3	21	1 5	21	1 7	21	1 10
22	1 2	22	1 3	22	1 5	22	1 7	22	1 11
23	1 2	23	1 4	23	1 6	23	1 8	23	1 11
24	1 2	24	1 4	24	1 6	24	1 8	24	2 0
25	1 2	25	1 4	25	1 6	25	1 8	25	2 0
26	1 3	26	1 5	26	1 7	26	1 9	26	2 1
27	1 3	27	1 5	27	1 7	27	1 9	27	2 2
28	1 4	28	1 6	28	1 8	28	1 10	28	2 2
29	1 4	29	1 6	29	1 8	29	1 11	29	2 3
30	1 4	30	1 7	30	1 9	30	1 11	30	2 4
31	1 5	31	1 7	31	1 10	31	2 0	31	2 5
32	1 6	32	1 8	32	1 10	32	2 1	32	2 6
33	1 6	33	1 9	33	1 11	33	2 2	33	2 7
34	1 7	34	1 9	34	2 0	34	2 3	34	2 8
35	1 7	35	1 10	35	2 1	35	2 3	35	2 9
36	1 8	36	1 11	36	2 1	36	2 4	36	2 10
37	1 9	37	1 11	37	2 2	37	2 5	37	2 11
38	1 10	38	2 0	38	2 4	38	2 6	38	3 1
39	1 10	39	2 1	39	2 4	39	2 7	39	3 2
40	1 11	40	2 2	40	2 5	40	2 8	40	3 3
41	2 0	41	2 3	41	2 6	41	2 10	41	3 4
42	2 0	42	2 4	42	2 7	42	2 11	42	3 6
43	2 1	43	2 6	43	2 9	43	3 0	43	3 9
44	2 2	44	2 7	44	2 10	44	3 2	44	3 7

travelling member can deliver gradually (as a rule once a day only is allowed) at the lodge of the Order. In this way the Manchester Unity, between 1863 and 1873, gave relief amounting to £4,156 to 94,476 travelling members.* It must be borne in mind that these cards, in addition to their entitling to pecuniary relief, serve as

Table II.

Sick benefit in full for the first 6 months' sickness,
„ „ in half for the whole subsequent period of sickness.

Class I. Sick benefit, 7s. Burial money, £7 £3 10s.		Class II. Sick benefit, 8s. Burial money, £8 £4		Class III. Sick benefit, 9s. Burial money, £9 £4 10s.		Class IV. Sick benefit, 10s. Burial money, £10 £5		Class V. Sick benefit, 12s. Burial money, £12 £6	
Age.	Contribution per month.	Age.	Contribution per month.	Age.	Contribution per month.	Age.	Contribution per month.	Age.	Contribution per month.
	s. d.		*s. d.*		*s. d.*		*s. d.*		*s. d.*
18	1 0	18	1 1	18	1 2	18	1 4	18	1 8
19	1 0	19	1 1	19	1 2	19	1 5	19	1 8
20	1 0	20	1 1	20	1 3	20	1 5	20	1 8
21	1 0	21	1 1	21	1 3	21	1 5	21	1 8
22	1 0	22	1 2	22	1 4	22	1 6	22	1 9
23	1 1	23	1 2	23	1 4	23	1 6	23	1 10
24	1 1	24	1 2	24	1 5	24	1 6	24	1 10
25	1 1	25	1 3	25	1 6	25	1 7	25	1 11
26	1 1	26	1 3	26	1 6	26	1 7	26	2 0
27	1 1	27	1 4	27	1 6	27	1 8	27	2 1
28	1 2	28	1 5	28	1 7	28	1 9	28	2 1
29	1 2	29	1 5	29	1 7	29	1 9	29	2 2
30	1 3	30	1 6	30	1 8	30	1 10	30	2 2
31	1 3	31	1 6	31	1 8	31	1 10	31	2 3
32	1 4	32	1 7	32	1 9	32	1 11	32	2 4
33	1 5	33	1 7	33	1 10	33	2 0	33	2 5
34	1 5	34	1 8	34	1 10	34	2 1	34	2 6
35	1 6	35	1 8	35	1 11	35	2 1	35	2 7
36	1 6	36	1 9	36	2 0	36	2 2	36	2 8
37	1 7	37	1 10	37	2 1	37	2 3	37	2 9
38	1 7	38	1 11	38	2 1	38	2 4	38	2 10
39	1 8	39	1 11	39	2 2	39	2 5	39	2 11
40	1 9	40	2 0	40	2 3	40	2 6	40	3 0
41	1 9	41	2 1	41	2 4	41	2 8	41	3 1
42	1 10	42	2 2	42	2 5	42	2 9	42	3 3
43	1 11	43	2 3	43	2 6	43	2 10	43	3 4
44	2 0	44	2 4	44	2 7	44	2 11	44	3 6

* Neison: "Some Statistics," p. 79.

means of introduction to other lodges, being only given to trustworthy brothers, and after ascertaining the object of travel.

A double importance attaches to the funds for relief, which are collected by the supreme authorities of the Order, and the application of which is determined by the Executive Committee, and, eventually, by the general meeting of delegates. In 1848 the

Table III.

Sick benefit in full for the first 12 *months' sickness.*
„ „ *in half for the next* 12 *months.*
„ „ *one quarter for the whole subsequent period of sickness.*

Class I. Sick benefit, 7s. Burial money, £7 £3 10s.		Class II. Sick benefit, 8s. Burial money, £8 £4		Class III. Sick benefit, 9s. Burial money, £9 £4 10s.		Class IV. Sick benefit, 10s. Burial money, £10 £5		Class V. Sick benefit, 12s. Burial money, £12 £6	
Age.	Contribution per month.	Age.	Contribution per month.	Age.	Contribution per month.	Age.	Contribution per month.	Age.	Contribution per month.
	s. d.		*s. d.*		*s. d.*		*s. d.*		*s. d.*
18	0 11	18	1 1	18	1 2	18	1 4	18	1 7
19	0 11	19	1 1	19	1 3	19	1 4	19	1 8
20	1 0	20	1 1	20	1 3	20	1 5	20	1 8
21	1 0	21	1 2	21	1 3	21	1 5	21	1 8
22	1 0	22	1 2	22	1 4	22	1 5	22	1 9
23	1 0	23	1 2	23	1 4	23	1 6	23	1 9
24	1 1	24	1 2	24	1 4	24	1 6	24	1 10
25	1 1	25	1 3	25	1 5	25	1 7	25	1 10
26	1 1	26	1 3	26	1 5	26	1 7	26	1 11
27	1 2	27	1 3	27	1 5	27	1 7	27	1 11
28	1 2	28	1 4	28	1 6	28	1 8	28	2 0
29	1 2	29	1 4	29	1 6	29	1 8	29	2 0
30	1 3	30	1 5	30	1 7	30	1 9	30	2 1
31	1 3	31	1 5	31	1 7	31	1 9	31	2 2
32	1 4	32	1 6	32	1 8	32	1 10	32	2 3
33	1 4	33	1 6	33	1 9	33	1 11	33	2 4
34	1 5	34	1 7	34	1 9	34	2 0	34	2 5
35	1 5	35	1 7	35	1 10	35	2 1	35	2 5
36	1 5	36	1 8	36	1 11	36	2 1	36	2 6
37	1 6	37	1 9	37	1 11	37	2 2	37	2 7
38	1 7	38	1 10	38	2 0	38	2 3	38	2 8
39	1 8	39	1 10	39	2 1	39	2 4	39	2 10
40	1 8	40	1 11	40	2 2	40	2 5	40	2 11
41	1 9	41	2 0	41	2 3	41	2 6	41	3 0
42	1 9	42	2 1	42	2 3	42	2 7	42	3 1
43	1 10	43	2 2	43	2 4	43	2 8	43	3 2
44	1 11	44	2 3	44	2 6	44	2 9	44	3 4

High Court Meeting of the Foresters resolved that members of seceding or expelled lodges, who had remained loyal to the Order, and had failed to obtain admission to any other lodge, should be considered as members immediately belonging to the Order, and entitled to relief by the Order in return for their contributions. The central government was able gradually to obtain for these

Table IV.

Sick benefit in full for the first 6 months' sickness.
„ „ *in half for the next 6 months.*
„ „ *one quarter for the whole subsequent period of sickness.*

Class I. Sick benefit, 7s. Burial money, £7 £3 10s.		Class II. Sick benefit, 8s Burial money, £8 £4		Class III. Sick benefit, 9s. Burial money, £9 £4 10s.		Class IV. Sick benefit, 10s. Burial money, £10 £5		Class V. Sick benefit, 12s. Burial money, £12 £6	
Age.	Contribution per month.	Age.	Contribution per month.	Age.	Contribution per month.	Age.	Contribution per month.	Age.	Contribution per month.
	s. d.		*s. d.*		*s. d.*		*s. d.*		*s. d.*
18	0 10	18	1 0	18	1 2	18	1 3	18	1 6
19	0 11	19	1 0	19	1 2	19	1 3	19	1 6
20	0 11	20	1 0	20	1 2	20	1 3	20	1 6
21	0 11	21	1 1	21	1 2	21	1 4	21	1 7
22	0 11	22	1 1	22	1 3	22	1 4	22	1 7
23	1 0	23	1 1	23	1 3	23	1 4	23	1 8
24	1 0	24	1 2	24	1 3	24	1 5	24	1 8
25	1 0	25	1 2	25	1 3	25	1 5	25	1 9
26	1 0	26	1 2	26	1 4	26	1 6	26	1 9
27	1 0	27	1 2	27	1 4	27	1 6	27	1 9
28	1 1	28	1 3	28	1 4	28	1 6	28	1 10
29	1 1	29	1 3	29	1 5	29	1 7	29	1 10
30	1 1	30	1 3	30	1 5	30	1 7	30	1 11
31	1 2	31	1 4	31	1 6	31	1 8	31	2 0
32	1 2	32	1 4	32	1 6	32	1 9	32	2 1
33	1 3	33	1 5	33	1 7	33	1 9	33	2 1
34	1 3	34	1 5	34	1 8	34	1 10	34	2 2
35	1 4	35	1 6	35	1 8	35	1 10	35	2 3
36	1 4	36	1 6	36	1 9	36	1 11	36	2 4
37	1 5	37	1 7	37	1 9	37	2 0	37	2 5
38	1 6	38	1 8	38	1 10	38	2 1	38	2 6
39	1 6	39	1 9	39	1 11	39	2 2	39	2 7
40	1 6	40	1 9	40	2 0	40	2 2	40	2 8
41	1 7	41	1 10	41	2 1	41	2 3	41	2 9
42	1 8	42	1 11	42	2 1	42	2 4	42	2 10
43	1 8	43	1 11	43	2 3	43	2 5	43	2 11
44	1 9	44	2 0	44	2 5	44	2 6	44	3 0

loyal members, in cases of secession, a proportionate share of the funds of the seceding lodges, the amount of which went to the High Court Sick and Funeral Fund, analogous to what is termed in the Manchester Unity the Unity Sick and Funeral Fund. The two Orders did not stop here Since 1872 the Foresters have had a High Court Relief Fund (called the Unity Relief Fund in the

TABLE V.

Sick benefit in full for the first 6 months' sickness.
" " three-fourths for the next 6 months.
" " half for the whole subsequent period of sickness.

CLASS I. Sick benefit, 7s Burial money, £7 £3 10s.		CLASS II. Sick benefit, 8s. Burial money, £8 £4		CLASS III. Sick benefit, 9s. Burial money, £9 £4 10s.		CLASS IV. Sick benefit, 10s. Burial money, £10 £5		CLASS V. Sick benefit, 12s. Burial money, £12 £6	
Age.	Contribution per month.	Age.	Contribution per month.	Age.	Contribution per month.	Age.	Contribution per month.	Age.	Contribution per month.
	s. d.		*s. d.*		*s. d.*		*s. d.*		*s. d.*
18	1 0	18	1 1	18	1 3	18	1 5	18	1 8
19	1 0	19	1 2	19	1 3	19	1 5	19	1 8
20	1 0	20	1 2	20	1 4	20	1 5	20	1 9
21	1 0	21	1 2	21	1 4	21	1 6	21	1 9
22	1 1	22	1 2	22	1 4	22	1 6	22	1 10
23	1 1	23	1 3	23	1 5	23	1 7	23	1 10
24	1 1	24	1 3	24	1 5	24	1 7	24	1 11
25	1 2	25	1 4	25	1 5	25	1 7	25	1 11
26	1 2	26	1 4	26	1 6	26	1 8	26	2 0
27	1 2	27	1 4	27	1 6	27	1 8	27	2 0
28	1 3	28	1 5	28	1 7	28	1 9	28	2 1
29	1 3	29	1 5	29	1 7	29	1 10	29	2 2
30	1 4	30	1 6	30	1 8	30	1 11	30	2 3
31	1 4	31	1 6	31	1 9	31	2 0	31	2 4
32	1 5	32	1 7	32	1 10	32	2 0	32	2 4
33	1 5	33	1 8	33	1 10	33	2 1	33	2 5
34	1 6	34	1 8	34	1 11	34	2 1	34	2 6
35	1 6	35	1 9	35	1 11	35	2 2	35	2 7
36	1 7	36	1 10	36	2 0	36	2 3	36	2 8
37	1 8	37	1 10	37	2 1	37	2 4	37	2 9
38	1 8	38	1 11	38	2 2	38	2 5	38	2 11
39	1 9	39	2 0	39	2 3	39	2 6	39	3 0
40	1 10	40	2 1	40	2 4	40	2 7	40	3 1
41	1 10	41	2 2	41	2 5	41	2 8	41	3 2
42	1 11	42	2 3	42	2 6	42	2 9	42	3 4
43	2 0	43	2 4	43	2 7	43	2 11	43	3 5
44	2 1	44	2 5	44	2 8	44	3 0	44	3 7

Manchester Unity), the object of which is to assure relief to lodges in difficulties. The need of such intervention by the central government is only too frequently apparent. Many of the older lodges, which have never yet, since the time of their formation, had the resources at their command that now make it possible to establish a Friendly Society on a solid actuarial basis, are in a pitiable plight, through no fault of their own, even their later efforts to restore solvency having very often proved insufficient to remedy past errors. Moreover, an exceptionally bad period of sickness or accidents may bring small lodges—of which there are still a large number—to a state of embarrassment, from which not all the self-denying efforts of their members will avail to extricate them without extraneous aid. It would be a practical exhibition of a genuine spirit of brotherhood, were the supreme authorities of the Order to take individual lodges in such cases under their protection. The means for so doing, however, are extremely slender. In the Foresters every member pays one halfpenny a year to this Relief Fund, representing, with 600,000 members, a total sum of £1,250. The material results of this arrangement can as yet, therefore, be but inconsiderable; between 1878 and 1883 relief was given from the fund, in larger or smaller sums, only in 16 cases. The Executive Council of the Order proceeds on the sound principle of only granting relief on a guarantee being given by the lodge for its proper application. If the large Orders could succeed in affixing such strict conditions to the relief, and instituting when necessary a sufficiently searching inquiry, to prevent the danger of the lodges trusting blindly to assistance, and consequently becoming laxer in their management, and if they could also succeed in collecting large sums for this purpose, and thus intervening effectively from above to promote the systematic consolidation of distressed lodges, this management might be a most important step towards securing stability. This question is now frequently discussed in the Orders. At a meeting held at Sheffield in the summer of 1885, by the Foresters of Yorkshire, the then Grand Master of the Order, Mr. T. B. Stead, rightly designated the treatment of distressed lodges as the burning question of the day. The more fully the Orders develop, the more striking is the contrast between these outwardly so powerful

and numerically so important associations, and the insecurity and want of orderly management in the individual lodges; and it is very natural that the leaders of these Orders should have a growing feeling of responsibility for still existing abuses, and look about for some remedy. Various remedial measures have been suggested, but this much is certain, that there can be no question of any re-insurance on the part of the lodges, such an expedient being excluded by the peculiar nature of the sick insurance which they chiefly conduct. A general re-insurance would not abolish the existing evils, but increase them, by weakening the impulse, which is necessarily shared by every benefit society, to prevent the abuse of sick insurance by means of a sharp and vigilant control, and which is kept alive solely by the conviction that the society itself will have to bear the consequences of laxity and remissness; in this respect it would be fatal to let the interests of brotherhood prevail against those of economic prudence. This suggestion, therefore, can never be carried out except as a form of temporary assistance, to be granted always after full inquiry into the special case, and under certain definite conditions. Mr. C. J. Radley, in an essay in the *Foresters' Miscellany*,* has sketched the outlines of a scheme of this kind, which appears to us to treat the matter very properly. He requires that no relief shall be granted to any distressed lodge until the lodge has made a serious effort to help itself, and has done so on principles sanctioned by the Order; that relief shall not have the character of a dole to meet the exigencies of the moment, but be granted with an eye to the future consolidation of the lodges; and that the order shall make a principle of restricting relief to those lodges which have already introduced a rational, and in particular, a graduated system of contributions. Finally, he advocates the uniting the two separately administered funds of the central government, which we have mentioned above, into a common Relief Fund of the Order.

In such a way as this, perhaps, the Orders will in time develop out of these beginnings a new and important branch of the great social system of working-men's insurance. At present, as we have

* No. xc. vol. xiv.: "High Court Relief: its Present Position and Future Possibilities."

said, these beginnings are pecuniarily of slight importance, but we cannot conclude our remarks on this subject without observing that, even in their present modest shape, they have already formed an effective means of fortifying the central power of the great Orders. The fact that they enable the Order to secure the attachment of the loyal members of seceding lodges, and to give pecuniary support to lodges in distress, strengthens the influence of the central body, and welds all the parts of the Order more closely together.

We come now to superannuation, the most recent branch of insurance taken up by the two great Orders. The Foresters began by appointing a committee, at the general meeting of delegates held at Weymouth, on 9th August, 1882, for the purpose of inquiring into and formulating proposals respecting the question of old age insurance, a subject then altogether new to the Order. This committee presented the next year, at a general meeting at Birmingham, a report (1) on a system of old age insurance, along with but independent of sick insurance; (2) on a system of old age insurance after 65 years of age, in substitution for sick insurance after that period; and, finally (3), on the mode in which the existing sick insurance could be changed into one against old age after 65. The committee submitted at the same time a table of premiums. The report gave rise at the meeting to a lively discussion. By some the proposed premiums were objected to as too high; others were anxious that, inasmuch as only the minority of the young men, who were intended to insure themselves against old age, had a prospect of exceeding the age of 65, old age insurance ought to be connected in some form or another—whether as a pension for the survivors of a deceased member or otherwise—with life insurance; and a further suggestion was put forward to combine old age insurance with sick insurance, and make this combination obligatory. Mr. Radley, as a member of the committee, defended the scale of premiums, as being based on correct actuarial data, and combated the tendency, which displayed itself here, as it has done so often in English Friendly Societies, to attempt to get on with lower payments. He rejected the proposal to amalgamate old age and sick insurance, as well as that to make the combination obligatory, rightly observing that many members

of the Order had already made provision in other quarters—alluding to the superannuation societies of the Trades-unions—against old age. The question was referred for further consideration to the Executive Council, who in 1884 submitted to a general meeting of delegates at Manchester a scheme of insurance which was then accepted and added as Art. 35A to the rules of the Order. This scheme is substantially as follows:—The "Order Superannuation Fund" is open to every member of the Order to subscribe to up to the age of 50. The fund is under the control of the Executive Council, and is intended to fructify in manner provided for; all contributions are collected by the courts and districts, and forwarded to the Executive Council. Every member subscribing to the superannuation insurance, which takes the place of sick insurance after the age of 65, can demand a corresponding reduction of his sick premiums, which had been calculated originally without reference to superannuation, the reduction being made according to Mr. Neison's "Foresters' Experience, 1871-1875." Evidence of identity must be given to the Executive Council by every member claiming his superannuation allowance. Any member six months in arrear with his contributions, must pay up the arrears with interest at 5 per cent.; if twelve months behindhand he is debarred from any participation in the benefit, and can only continue his contributions as a new member.* An essentially similar scheme has been adopted by the Manchester Unity. In both Orders, however, the results have to be awaited.†

In concluding this sketch of the system of insurance in the two great Orders, we must revert to a subject which we have already dealt with at length, but which requires a few supplementary observations, that may be introduced with propriety here.

* The table of contributions for superannuation, as settled by the Foresters' High Court meeting at Manchester, gives a superannuation allowance of 5*s.* a week after the age of 65; it calculates the contributions which every member has to pay according to his age at entrance, fixing the amount in one sum as well as by annual contributions (*see table on page* 395).

† At the end of 1886, after an experience of nearly three years, there were only two contributing members to the Foresters' superannuation fund. In the Manchester Unity also the scheme has hitherto been a failure.

In stating our judgment of the actuarial principles of the English Friendly Societies, we described their present characteristic feature to be their attempts to substitute for the old and more or less irregular system of levies a rational system of premiums and reserves. We are aware also that the transition to the new system is not yet completed. Thus, for example, in the case of the District Funeral Funds, which are constantly increasing in number, the decision has not yet been always in favour of the new system, and even this branch of insurance still finds numerous supporters of the really indefensible system of levies.

Age at entrance.	Premiums in one sum.			Annual Premiums, payable quarterly or monthly.		
	£	*s.*	*d.*	£	*s.*	*d.*
18	8	4	5	0	9	0
19	8	12	4	0	9	0
20	9	0	7	0	10	1
21	9	9	1	0	10	8
22	9	18	1	0	11	3
23	10	7	8	0	11	11
24	10	17	6	0	12	7
25	11	7	11	0	13	5
26	11	18	10	0	14	2
27	12	10	1	0	15	1
28	13	2	1	0	16	1
29	13	13	7	0	17	1
30	14	7	3	0	18	2
31	15	1	0	0	19	4
32	15	17	5	1	0	7
33	16	13	10	1	2	0
34	17	10	2	1	3	7
35	18	6	7	1	5	2
36	19	5	9	1	7	0
37	20	4	11	1	9	0
38	21	6	7	1	11	2
39	22	8	9	1	13	7
40	23	13	4	1	16	2
41	24	17	11	1	19	2
42	26	5	4	2	2	5
43	27	12	8	2	6	0
44	29	2	9	2	10	0
45	30	15	7	2	14	8
46	32	11	2	3	0	0
47	34	9	6	3	5	9
48	36	7	9	3	12	7
49	38	11	7	3	19	11
50	40	18	1	4	8	11

In general, however, we shall not be wrong in predicting the ultimate triumph in these respects of the new system.

The case is different, however, with regard to other objects of insurance, which from their very nature can only be fulfilled, as we have said, by the levy system. Such are the relief of distressed members or members travelling in search of employment, the grants made by the Order to supply deficiencies arising in lodges from no fault of their own, etc. These purposes can only be met by means of levies, and just because, as is hoped, they will be further extended and more completely fulfilled, the levy system must continue to exist along with the premium system. The costs of management also are mostly defrayed in English Friendly Societies, not by an addition to the premiums but by levies, and we believe that these societies are wise in doing so, a levy being a far more effective and urgent means of promoting economical management than a mere addition to the premium. Actuarially, therefore, the principles of English Friendly Societies will always be a mixture of the old and new systems.

The foregoing remarks will, we believe, suffice to give an idea how these two great Orders have increased during the last few decades in extent and power. This fact confirms our assertion that the force of union has received an immense impetus among the working classes of England. The causes of this we need not further consider. We know how the unrestricted freedom of combination, the growing education of the working classes, the diffusion of actuarial information, and of the knowledge of its use, are daily enlisting new members of the Friendly Societies. But while this circumstance is more or less an advantage to all of these societies, the ascendency of the great Orders is established by their perfect organization and by the social spirit which they typify and cultivate. Any one who has attended the large or small meetings of the brothers of the Order in a town, district, or county, at which strict business and serious discussion always find a place beside social converse and good-fellowship, will have learned to understand the spirit prevailing in these associations. It is from these social meetings that the members derive impulse, education, and advice; here that feeling of solidarity is awakened which links members and lodges together to the extent

even of affording each other material support;* here is aroused that emulation for sound and rational improvement among the various societies which has done so much during the last few decades for the consolidation of the great Orders; here the ways and means are considered for perfecting the institution which all serve; here, lastly, are found not only the cradle of new ideas, but also the soil from which springs the moral impulse that gives effect to those ideas, and leads to efforts and sacrifices for the common cause.

From politics the great Orders, like all the Friendly Societies, rigidly abstain. No member, no lodge, no district of an Order is allowed, as such, to issue any religious or political circular.† All conversation on these subjects is forbidden at the meetings. Accordingly, men of the most different religious and political opinions work harmoniously side by side.

* A remarkable instance of this was given by Mr. J. J. Holmes, a director of the Manchester Unity, in his evidence before the Select Committee on National Provident Insurance:—

"Q. 732. In the South London District of the Manchester Unity we have two old lodges, two of the oldest lodges, and the other lodges having been valued, and having surpluses, many of the lodges have given these two lodges a certain sum of money arising from their surplus, that surplus being caused by good investments of capital. For instance, when I tell you that during the last eleven years the average rate of interest has been £5 2*s.* 9*d.* per cent. upon the investments, you will see that that realises a surplus to the good lodges. They have given £100 each in three or four instances to these two lodges; and from the district funeral fund we give £200 a year to these two lodges, which is gradually bringing them to a state of solvency."

† Rule 116 of the Foresters' Rules, entitled, "Neutrality of the Order," runs as follows: "For the purpose of preserving the acknowledged neutrality of the Order in all matters connected with party politics or religious creeds, no district, court, or members shall take part as Foresters in any meeting or gathering, or in any other way, for the advocacy or promotion of political or sectarian religious objects; but this law shall not apply to the customary attendance of members in their capacity as Foresters at any place of worship, in connection with anniversary gatherings, or on occasions when such attendance is in aid of some public hospital, infirmary, or charity of an unsectarian character. No district, court, or member, as such, shall issue any circular to any court or district of the Order upon any subject, political or otherwise, outside the objects of the Order or the General Laws. Any district, court, or member violating this law, shall be expelled from the Order or pay a fine not exceeding £10, as the High Court may decide, upon a charge being preferred by the Executive Council for the offence."

CHAPTER VII.

MINERS' PERMANENT RELIEF SOCIETIES.

Recent origin of these Societies.—Relation between sick and accident insurance.—Foreign distinction in this respect.—Special risks attaching to mining.—Colliery catastrophes.—Legislative efforts to prevent accidents.—Royal Commission on Accidents in Mines.—Statistics of mortality.—Early "Pit-Clubs."—Appeals to public charity.—Proposed schemes of insurance.—Northumberland Durham Miners' Permanent Relief Fund.—The late Mr. Alexander Macdonald.—Staffordshire Permanent Relief Fund.—Lancashire and Cheshire Permanent Relief Society.—West Riding of Yorkshire Permanent Relief Society.—North Wales Permanent Relief Society.—Midland Counties Permanent Relief Fund.—Monmouthshire and South Wales Permanent Provident Society.—Midland District Society.—Objects and management of these Societies.—Their actuarial system.—Their early difficulties.—Their financial position and prospects.—Question of Re-insurance.—Conferences of the Central Association.

THE Permanent Relief Societies, established by the miners as a provision against accident, are a new phenomenon among English Friendly Societies. Their origin dates from recent years, and we find in them the first attempt yet made in England to separate accident from sick insurance on a large scale, by the formation of independent societies for the former purpose only. This circumstance, as well as the growing importance of these societies to the mining population of England, justifies us in considering them apart.

English Friendly Societies have hitherto, as we have already often observed, treated disablement arising from sickness and disablement caused by accident as altogether the same. And in fact, there is no reason in itself why sick and accident insurance should be so sharply divided as is the case in Germany and Austria. On the contrary, if we look at the causes that lead to

temporary or permanent disablement with the manufacturing workman of the present day, we are confronted with a totally different distinction, and we see that it is only external circumstances and not any reason arising from the nature of things, that have led to the separation we have mentioned. The nature of things, indeed, that is to say, the position occupied by the working man in relation to the process of production, leads to a very different distinction. Disablement may arise from hereditary or casual illness, or from an accident wholly unconnected with the patient's employment; on the other hand, it may have been caused by his employment, either from an illness, contracted through the influences to which the workman is exposed, or from some injury which he has suffered when at work. If a distinction, therefore, were to be made on internal grounds, we should have to place on the one side all sickness and accident unconnected with occupation, and on the other, not only sickness, but also accident directly caused by the exercise of a particular occupation. Such a distinction would be easily defensible from a most important ethical point of view, which may fairly be taken into consideration in this question,—namely, the point of view of responsibility. For the specific effects of modern manufacture on the lives and limbs of the workmen—in other words, for sickness and accident connected with occupation—the occupation would have primarily to answer; for sickness and accident not so connected, the individual himself. Simply to separate accidents which the workman has suffered in the course of his occupation is irrational, for a separation of this kind must clearly extend also to sickness connected with occupation, which certainly plays a larger part in the life of a workman than accident.

We must admit, however, that this distinction, based on responsibility in regard to sickness and accident, is much easier to make in theory than in practice. The greatest practical difficulties are those presented by sickness; for although there are distinct illnesses, the original connection of which with a particular occupation cannot be mistaken, at the same time we have already had occasion elsewhere to observe how much the workman's habits of life may either mitigate or intensify the injurious influences of his employment, and how, in consequence, the causes of sickness

or health, which the principle of responsibility might seek to separate, in reality are often inseparably interwoven. This is less the case with injuries caused by accidents, and it was therefore possible in Germany and Austria to construct two separate systems of working-men's insurance on the intrinsically untenable distinction between accident and sickness.

But things were very different in a country like England, where working-men's insurance has never been an institution created by authority and according to a preconcerted plan, but is the fruit of the voluntary association of those who share its benefits and, as such, is regulated by nothing but existing need. The English working men, thrown back, as they were, almost entirely on self-help, had indeed no occasion to distinguish between sickness connected with occupation and any other kind of sickness, between accidents suffered in or out of their ordinary employment, and thus they extended the benefits of their societies, without distinction, to both cases alike. Hence, sick and accident insurance were always dealt with as one, nor was there any actuarial reason for treating the consequences of accident otherwise than as sickness. The old levy system sought, as far as it went, to cover all the engagements of the society, from whatever of these two causes they might have arisen.

With the transition to the premium system came, of necessity, at least a partial change in this respect, the evidence of mathematics revealing the great difference between the actuarial risks of the various occupations, according as they involved greater or less liability to accident. We need only refer in this respect to what we have already observed in previous pages. The Orders have been made aware by periodical valuations, how impossible it is for those of their lodges which are recruited from classes of working men who, like the miners in particular, are exposed to great danger of accident, to get on with premiums calculated on the big averages of the whole Order, and they have been forced, therefore, to levy certain additional amounts. Hence the fact, already noticed, that the great railway companies have established separate accident funds for that portion of their staff which is exposed to special risk of accidents. And the same thing, as we have also seen, has been done by some factory societies.

Far more important, however, and of wider bearings than all these attempts to treat accident as a separate class of risk, are the Accident Insurance Societies of the miners, and particularly of the coal miners, which were first established in 1862, and are now united into a vast association. They are, as regards the specializing of their object, a new element in English workingmen's insurance, and have certain characteristic features of their own. They owe their origin to the recognition of the fact that mining is exposed to greater risks of accident than other industries, and requires therefore a separate actuarial treatment, and also to the deep impression created on mine owners and miners alike by the melancholy series of catastrophes which have occurred during the last few decades.

The great revival of English manufacturing industry gave a powerful impetus also to coal-mining, and the excellent quality of English coal has made it an important article of export. The English miner is incessantly penetrating deeper and deeper into the bowels of the earth, and his work has become more and more laborious and intense. This ransacking of the earth for its treasures of coal has been the cause of a series of catastrophes, such as rarely occur on the Continent, but which in England, following each other, as they have done, in quick and startling succession, opened the eyes of the nation to the terrible dangers incident to coal-mining on such an extensive scale. On 1st Dec., 1860, 142 lives were lost in the Black Vein Colliery in Monmouthshire; and on 6th Jan., 1862, 204 persons were buried alive by the collapse of the ventilation shaft. On 12th Dec., 1866, an explosion in the Oaks Colliery, in Yorkshire, killed 334 men and boys, and 28 searchers perished from a fresh explosion the next morning. On 8th Nov., 1867, 178 men lost their lives in the Ferndale Colliery, in South Wales. On 6th Dec., 1875, 143 perished in the Swaith Main Colliery, Yorkshire; and on 22nd Oct., 1877, an accident in the Blantyre Colliery proved fatal to 207. Explosions in 1878 killed 189 in the Haydock Colliery, Lancashire, on 7th June, and no less than 268 in the Abercorn Colliery, Monmouthshire, on 11th Sept. And in 1880, 164 lives were lost by an accident in the Seaham Colliery. These are only the chief calamities; but not a year has passed without a large number of

other accidents, representing a loss of life each time ranging as high as seventy-six.

The dreadful lesson taught by these events was not forgotten. Even if it is found impossible as yet to put an end to such catastrophes altogether, science has investigated their causes, and legislation and the Government have devised and enforced preventive regulations, calculated to give greater security to the miners. And, at the same time, the spirit of self-help among those who suffer from these calamities has sought to minimise their disastrous economic consequences, as regards the injured and the survivors of the dead, by the establishment of accident insurance societies. So far as all these efforts have been hitherto successful, the result is due to the co-operation of all the factors we have mentioned. Science with her investigations, legislation with its enacting regulations, the Government by means of its inspectors, all contribute to limit the dangers of this industry and to narrow the field of action which the Friendly Societies have to embrace; while, on the other hand, the action of these societies and the fact of their self-government help to diffuse among the miners the knowledge of their special dangers and of the necessary measures of precaution, and also to increase that sense of personal responsibility which is such an all-important requisite in mining.

To consider all these facts here at length would lead us beyond our limits. We would refer generally to what we have already remarked on this subject, adding merely one observation.

The Legislature, as we stated in our introduction, has introduced, through the Coal Mines Regulation Act of 1872 and the Metalliferous Mines Regulation Acts of 1872 and 1875, a series of important preventive measures, contained in the rules and elaborate provisions of the various sections. For the purpose of supervising the observance of these directions, the whole of Great Britain is divided into twelve mining districts, each under an inspector. The number of these inspectors is confessedly far too small, it is true, to enable the supervision to be thoroughly effective. Nevertheless, their reports not only give a picture of the unwearying activity of these officials, but have a high scientific and moral value. They furnish rich materials for the study of accident statistics, every accident—which must be reported to

the inspector being classified according to its cause, and the results stated, examined, and explained by percentages, diagrams, etc. Among other things, every inspector prepares a certificate, printed with the report, of all the accidents, whether fatal or not, occurring in his district, stating the date and cause, the name and occupation of the sufferer, and the name of the person or firm that employed him. The reports contain also full information respecting the means for preventing accidents, and show clearly how strenuously the inspectors endeavour, though as yet with but imperfect success, to enforce the provisions of the Acts.

Valuable, however, as is the series of these Reports of the Inspectors of Mines since 1872, nevertheless there was a growing conviction of the necessity of a more comprehensive and, above all, a scientific inquiry into the causes and preventibility of accidents in mines. This conviction led, in 1879, to the appointment of a Royal Commission, which was directed to inquire and report—"Whether the resources of science furnish any practicable expedients, not now in use, which are calculated to prevent the occurrence of accidents in mines, or to limit their disastrous consequences." The Commissioners issued in 1881 a preliminary report, containing the evidence of a large number of witnesses, and in 1886 concluded their seven years' labours with their final report of that year.* They occupied themselves principally with the coal mines, the causes of colliery accidents, and all the precautionary measures and arrangements, either already instituted or proposed, with a view to preventing them. As, in earlier days, Faraday and Lyell had given the assistance of their experience and authority in the consideration of these questions, so now the Commission had the aid of men like Tyndall and Abel. Evidence was taken from persons, concerned in coal-mining, belonging to the most different classes and all parts of the country, from the simple Welsh miner, who required an interpreter to enable the Commissioners to understand him, to the educated and experienced managers of the great colliery undertakings; thousands of experiments were made, not only in the laboratory, but on a large scale

* Final Report of Her Majesty's Commissioners appointed to inquire into Accidents in Mines, and the possible means of preventing their occurrence o limiting their disastrous consequences, 1886.

in the mines themselves; and the comparative progress made in this field on the Continent, and particularly in Prussia, where experiments have reached the same pitch as in England, was carefully investigated. In their final report the Commissioners have stated in detail the results of their inquiries.

According to a statistical statement at the beginning of this report, the total number of deaths in coal-mines between 1875–1884 was 11,165, of which 2,562 were from explosions of fire-damp, 4,582 from falls of roof and sides, and 4,021 from miscellaneous causes. The investigation of these different causes, and the examination of the means of preventing them, form the subject of the Commissioners' inquiry. The Report considers the method of working and ventilation, the various methods for preventing falls of roof and sides, spontaneous combustion, and the other causes of accidents in mines (chap. i.–iv.). It gives an exhaustive statement of the results of experiments in connection with fire-damp (chap. v.) and coal-dust (chap. vi.). A further chapter (chap. vii.) is devoted to explosive agents, and the numerous attempts made to render blasting with gunpowder and dynamite harmless, or to substitute for it blasting by means of compressed air or lime cartridges. But the most important experiments and inquiries are those contained in chapters viii. and ix., which relate to safety-lamps and the lighting of mines. A large number of safety-lamps, constructed on the principle of that invented by Sir Humphry Davy, were examined and tested by the Commissioners, and their merits and demerits carefully compared. The Report says rightly that the illuminating power, safety, and handiness of the lamps are of the greatest preventive importance, and the improvement of the lighting of the mines is a matter that has occupied the active attention of all parties interested in mining. The use of the electric light will, perhaps, lead to a revolution in this respect. The Commissioners examined in detail the results of the electric experiments already made, which seek to solve a number of the most difficult problems. They express their sanguine expectation that the facilities already existing, and which cannot fail to be further and importantly developed within a brief period for the safe application of the glow-lamp underground, will lead to a gradual extension of permanent lighting installations in mines.

Another and much more difficult problem is how to apply the electric light to the lamps which the miner is obliged to carry with him, their portable character making it impossible to connect them with a wire and generating station; and the utmost that any efforts in this direction can accomplish, is either to give the miner small, portable batteries, or to store his lamp with accumulated electricity sufficient to last for a certain number of hours. In both these respects, people in England have not yet got beyond the stage of experiment, and the difficulties are increased by the fact that the electric lamps are wanting in what forms an important peculiarity of oil lamps—namely, their indicating by certain signs in their manner of burning the presence of dangerous gases. For this reason, the Commissioners took pains to examine some instruments, called "fire-damp indicators," which were intended as necessary adjuncts to the electric lamp.

We have allowed ourselves this digression, being anxious to show how, since the Coal Mines' Regulation Act of 1872, and the Metalliferous Mines' Regulation Acts of 1872 and 1875, the legislature and the Government, as well as science and practical experiment, have been working together, with concentrated forces, to lessen the number of those whom coal-mining claims as its victims.

The effect of all these endeavours, or, more correctly speaking, the beginning of their effect, has already been apparent in a visible diminution of the comparative number of deaths. The total of these, taken in proportion to the total output of coal, shows that whereas between 1869 and 1873 one life represented on output of 113,234 tons, it represented during the following quinquennium, 122,925 tons, and between 1878 and 1883 a further increase of 154,156 tons, being at least a diminution in the sad price paid.* The following table exhibits this decrease of mortality by means of other figures, from which it appears that the number of deaths in proportion to the number of persons enployed in coal-mining, has been reduced to nearly one-half of what it was twenty-five years ago:—

* Reports of the Inspectors of Mines to Her Majesty's Secretary of State for the year 1883, p. 67. The table that follows in the text is also taken from these Reports.

Quinquennium.	Average number of Workmen Employed in Coal-mines during each Year.	Average number of Fatal Accidents per Year.	Average number of Fatal Accidents per 1000 Workmen.
1859–1863	282,325	1,057	3·78
1864–1868	326,097	1,184	3·63
1869–1873	399.501	1,105	2·76
1874–1878	510,377	1,169	2·29
1879–1883	494,377	1,085	2·19

This table also shows that, notwithstanding the relative decrease in the absolute number of accidents, in consequence of the constant extension of mining, no actual decrease has taken place. It seems impossible to prevent even the greatest catastrophes, and they follow one another as before, though, perhaps, at longer intervals. Friendly Societies are, therefore, now as necessary as ever. Even in this respect, those great catastrophes, which are mentioned above, have given a powerful impulse, which will ultimately lead to the establishment, by the initiative and energy of the working-men themselves, of a number of institutions for systematically insuring against accident.

It has long since been a practice in the English colliery districts, on the occasion of accidents, to make provision for the injured or survivors of the killed, by means of contributions, not only from the workmen, but also from the employers. The proceedings in earlier days were the same as those in Friendly Societies of the primitive form. Collections were first started to meet each case as it arose; in course of time, regular subscriptions were levied, and a fund was thus established, which, however, invariably proved inadequate when any great catastrophe occurred. These societies, or "pit-clubs," as they were called, being as a rule restricted to the workmen in a particular colliery, could not possibly, thus isolated as they were, bear the risks of any accident of magnitude. The consequence of this was, that as soon as any calamity took place, involving the loss of many lives and necessitating the relief of many families, they were compelled to appeal to public benevolence. These appeals were mostly successful, for such calamities stirred the heart of the whole nation, and subscriptions flowed in, frequently bringing more money than

could be spent. More than £85,000 was collected after the Hartley Colliery accident, and the Lord Mayor had to declare the Mansion House Fund closed. But this very superfluity of charity, on special occasions, led to an unfairness: for, while full pecuniary compensation was given to the survivors in the case of great catastrophes of this kind, the necessary aid was often wanting in the numerous instances of smaller or individual accidents, which, as figures plainly show, form no less than three-fourths of all mining accidents together. Add to this the fact, that between 1860 and 1870 an unusually large number of great catastrophes occurred, the very frequency of which tended to slacken the efforts of public charity, and thus made the necessity of systematic relief all the more sensibly felt.*

Various projects were mooted immediately after the Hartley Colliery accident. One of these proposed to provide the means of insurance against accident by an addition per ton to the cost of coal; another proposed to levy compulsory premiums from the miners, and thus establish a quasi-national insurance. All these schemes, however, remained on paper, and the question was again left for self-help to settle. This was done by the establishment of a number of Permanent Relief Societies, intended to provide for workmen either temporarily or permanently disabled by accident, as well as for their widows and orphans in case of death, this object being secured by means of regular tables of premiums, the larger portion of which was to be contributed by the workmen themselves, and the smaller by their employers. Eight of such

* For the account of the origin and extension of the Permanent Relief Societies, I have consulted, above all, the rules and annual reports of these societies, which have been kindly furnished to me by the secretaries, and, further, the following two small publications, both extremely instructive as regards the origin and object of the whole movement: "Miners' Insurance Funds: their Origin and Extent," by Mr. George L. Campbell, the Secretary of the Lancashire and Cheshire Miners' Permanent Relief Society, to whom I am indebted also for a valuable amount of oral information; and "Miners' Permanent Relief Funds: a Series of Letters," by Mr. William Watson, the Secretary of the West Riding Miners' Permanent Relief Fund Friendly Society. The periodical entitled *The Provident*, to which I have already alluded, may be regarded as the organ of these societies: it is edited by Mr. George Campbell, and always abounds in information on this subject.

societies have been in existence in the colliery districts of England and Wales since 1862, when the first of them were started in Northumberland and Durham.

The coal-miners of these two counties were thus the pioneers of this idea. In each of these counties coal-mining has long since been a most important industry; at the present day no less than 50,000 or 60,000 colliers are actively employed within a radius of twelve miles from Durham. These miners are a typical race, who, in their settlements round the various coal-pits, lead a life quite apart. Not without a leaning to play and sport, these hard-working, strong, and healthy miners of the north possess a fund of qualities which have made them among the best-trained champions of the higher rights, higher duties, and better material condition of the working classes. The Miners' Union of this neighbourhood have their headquarters in Durham, and possess there a house of their own, where all their business is conducted. Their Secretary, Mr. William Crawford, himself a former miner, is now a Member of Parliament. Once a year regularly these men flock from all sides into Durham, and march with music and banners, often 40,000 or 50,000 strong, to their annual meeting where they listen with perfect freedom, but with marvellous order and quiet, to the speeches addressed to them, and show their spirit of brotherhood to all the world. When their leaders meet to dine, all spirituous liquors are forbidden, as an example to the great mass of members, among whom there has always existed a strong propensity to drink, in consequence of both climate and custom, a propensity, however, which active efforts are made to check. Strong and powerful in their Trades-unions, these men have also rapidly developed their societies for insurance against accident.* The first annual report of the Northumberland and

* I have never had a clearer illustration of the inner connection between all the efforts made in England for the improvement of the working classes, than at a meeting held at Durham in 1883, on the occasion of unveiling a memorial erected by the Miners' Union to their late leader, Mr. Alexander Macdonald. Many thousand coal-miners were assembled. Nearly all their leaders were present, men who took the lead in their various associations, Trades-unions, Co-operative Societies, and Friendly Societies, as well as in the Permanent Relief Fund, among them several who had recently been elected to Parliament. And these leaders are as conscious of their objects as their followers are loyal

Durham Miners' Permanent Relief Fund, for 1863, showed a total of 4,000 members, with receipts from contributions amounting to £904, and payments of £141 for burial money, £53 for widows' and orphans' annuities, and £10 for disablement allowances. In

in their obedience. One institution depends on the other, not materially, but as a simultaneous and active expression of the strength of the working class, kept together by their leaders. The latter, risen almost exclusively from the ranks of ordinary working men, have acquired by their self-education the ability and art of guiding the great mass.

On the occasion of this meeting at Durham, Mr. Lloyd Jones, a lately deceased veteran of the working-men's movement in England, whom I have accompanied on so many of his tours, wrote a biographical sketch of Mr. Macdonald in the *Newcastle Daily Chronicle* of 17th November, 1883, which testifies better than anything else to the forces at work in promoting the elevation of the lower classes in England, and a portion of which we propose, therefore, to quote :—

"The fast-increasing demands," says Mr. Lloyd Jones, "upon the resources of the elder Macdonald, as his progeny came into the world, did not allow him to give his son Alexander the advantage of more than the merest rudiments of education. At that period the hand of the reformer had not begun to sweep away the customs which called upon women and children of tender years to undertake unsuitable labour. The cry for bread drowned the then feeble cry for education, and Alexander Macdonald, when only eight years of age, was sent to work in the coal mine. Though employed for many hours each day in the mine, he was yet enabled, with the assistance of his mother, to make an effort to compensate for the deficiencies of his education. At what sacrifices, and under what difficulties he essayed to carry on the work of self-culture, may be imagined, his circumstances being such that they must have called for more than ordinary courage and perseverance. As years passed by, he, like many Scotch lads, became ambitious of following a course of instruction at the nearest University. While yet earning his own livelihood, and doing something towards that of his brothers and sisters, he decided to add to his education in this way, and carried his resolve to a successful issue. Though working in the mine fifteen hours a day, he set himself to the task of preparing for his visit to the University by making himself master, not only of the elements of education, but also of the first stages of the dead languages and of the sciences. His mother, entering with ambition equal to his own into the project, gave him all the aid in her power. It was, however, only after a struggle lasting several years, and when he had reached the age of twenty-five years, that he achieved his great aim. In the year 1846 he began his studies at the University of Glasgow, but he was not yet entirely released from his labours in the mine. When the session closed, instead of, like his fellow-students, indulging in the luxury of a well-earned holiday, he returned home, donned his pit clothes, and set himself to the task of wielding his pick to obtain the money to carry him through the next session. His courage never faltered, however, and his

1885 this society numbered no less than 86,866 members, and showed payments of £1,793 for burial money, £16,435 for widows' and orphans' annuities, £20,930 for disablement allowances, and £17,494 for superannuation. The establishment of this accident insurance society was soon followed by that of others. It was the efforts of Sir Lovelace Stamer that succeeded in inducing the mine-owners and miners of North Staffordshire to found one of these societies in 1869. In 1873 followed the establishment of a society for Lancashire and Cheshire; and in 1877, that of another for the West Riding of Yorkshire. In the last-named district attempts to realize this idea had been made since 1866, till at length in 1877, under the impression created by the great catastrophe in the Swaith Main Colliery, the Rev. H. J. Day, Rector of St. Mary, Barnsley, together with Mr. William Watson, the present Secretary of the Society, succeeded in forming the

indomitable perseverance was crowned with marked success. When he had obtained the education he had coveted, he laid aside his pick, and starting life afresh as a school teacher near Glasgow, he was employed in that capacity for seven or eight years. But while ardently engaged in securing education, he yet found time in which to observe and to meditate upon the condition of the people amongst whom he lived. At an early age he had begun to take a lively interest in public affairs; his information on political subjects being almost entirely gained from the newspapers, which he read with avidity. His views on the various questions that arose were formed from reading the speeches of the leading politicians and public men of the day. When he was only nineteen years of age, he had the courage to raise his voice in denouncing the employment of women in the mines for a mere pittance as slavery. Other and more powerful voices were then raising the same cry, and two years later the Act prohibiting the employment of women in the mines was passed. This victory having been obtained, his energies were turned to the advocacy of the claims of the men of his own class to better pay for their dangerous and arduous labours in the bowels of the earth. From 1842, movements, having for their object the amelioration of the condition of the miners of Scotland, were begun, and smarting as he then was under the hardships of his own lot, he entered into them with all the ardour of youth. The masters were prepared to make a fight of it, and nothing was left for the men to do, if they wished to win, but to take the serious step of organizing a strike. Such a project at that period, when the men were not banded together in societies, and had not funds on which to rely for support, was a desperate one; and such it proved. The Lanarkshire miners, Alexander Macdonald, of course, amongst them, came out on strike for an increase of wages, but the contest was an unequal one; and at the close of the struggle the men returned to work little benefited by their

West Riding of Yorkshire Miners' Permanent Relief Fund. "As to the efforts put forth," says Mr. Watson, "for making the miners acquainted with the society, it may be said that almost every occasion has been embraced to explain to them its objects, its principles, and its work, through the press, by public meetings, by reports, and such like means. As becomes me in fulfilling my office, I have gone to any and every place at any likely time where and when there seemed to be an opportunity to impart a knowledge of, and induce interest in our mission both amongst miners, colliery officials, or owners, or outsiders either. We have also had a goodly number of friends, ministers of religion, and others, who have gladly and freely lent their generous and unpaid assistance in spreading intelligence respecting the cause from the platform and in various other ways."

In 1878 followed, in North Wales, the establishment of another

effort. The masters, not content with having been victorious, stooped to revenge themselves upon the leaders of the movement, and though then only twenty-two years of age, Macdonald had taken such a prominent part as to become one of the marked men. Though dismissed from employment in the mine in which he had passed through the grades from the trapper to the hewer, he managed to obtain employment in the district. In 1851, while yet studying at the University of Glasgow during the session, and working in the mines during the recess, his advocacy of the claims of the miners had made him known as a leader all over the west of Scotland. He was frequently seen on the labour platforms, and he advocated not only the advance of the wages of the miners, but also the passing of new laws for the regulation of mines. It can easily be conceived that with an experience such as his, he could speak on such subjects with peculiar eloquence and power. It would be impossible in a brief notice such as this to follow Mr. Macdonald in all his labours towards this end, or to describe all the movements for the amelioration of the condition of his class, not only in Scotland but also in England, that received his aid. . . . In 1857 he relinquished his scholastic duties near Glasgow, and entered upon the duties of miners' agent, a post, it need hardly be said, that he filled with credit to himself and with advantage to those whom he served. As time advanced, his influence increased, while he attained a prosperity of which in his early years he would hardly have dared even to dream. He now became anxious to urge the cause which had become his life's mission directly upon those in power; and the general election that followed the passing of the Reform Bill of 1868, found him a candidate for a seat in Parliament as representative for the Kilmarnock Burghs. He was unsuccessful; but in 1874 he was returned as the member for Stafford, and sat for that borough until his death."

society of this kind; in 1879, in the Midland Counties; in 1881, in Monmouthshire and South Wales; and, finally, in 1883, in the Midland District, the last of which, however, restricts its insurance to fatal accidents. This movement has met with support on all sides. Among the honorary members of these societies, who have taken a prominent part in their establishment, and still hold the office of president, are large landowners like Earl Fitzwilliam, Viscount Halifax, and the Earl of Wharncliffe; the nobility and gentry in some counties have taken the matter up warmly; the mine-owners themselves give annual subscriptions, and manage the collection of the members' contributions for the society by deducting them from the wages of the workmen in their employ; and the officers and managers of the large collieries are also members of these societies, and make common cause with the workmen.

In this manner a network has been gradually spread of territorially-limited societies, the members of which at present form already one-half of all the miners of England. The way in which the numbers and business of these societies have increased during the last few years, will be best ascertained by the following table, the figures in which relate collectively to all of the eight societies we have mentioned:—

Year.	Number of Members.	Revenue.	Funds.	Number of Deaths.	Number of Disablements.	Number of Widows relieved.	Number of Orphans relieved.
		£	£				
1878	98,884	68,198	87,633	—	—	—	—
1879	113,796	80,581	104,198	254	20,594	667	1,351
1880	125,448	88,704	122,866	241	21,653	774	1,561
1881	140,372	104,285	141,762	490	23,542	942	2,013
1882	155,404	118,220	162,199	416	30,183	1,130	2,302
1883	183,140	137,177	183,845	439	33,454	1,307	2,664
1884	197,203	156,960	209,334	408	32,871	1,401	2,818
1885	209,306	161,815	234,485	446	34,878	1,564	3,064
1886	**221,339**	**163,185**	**247,852**	**501**	**34,803**	**1,793**	**3,300**

The numerical strength and importance of these eight societies, of course, differ, and we will, therefore, subjoin a comparative statement for the year 1885, showing, as far as data have been

forthcoming, the number of members, revenue, expenditure, and funds for each:—

Name of Society.	Number of Members.	Receipts.	Burial Money paid.	Disablement Allowances.	Widows' and Orphans' Annuities.	Superannuation.	Funds.
		£	£	£	£	£	£
Northumberland and Durham Permanent Relief Fund .	86,866	69,574	1,793	20,930	16,435	17,494	116,016
North Staffordshire P. R. Society	5,044	3,793	—	2,023	1,379	—	5,572
Lancashire and Cheshire P. R. Society	38,232	39,479	900	17,283	9,202	—	42,880
West Riding of Yorkshire P. R. Society	15,374	9,752	299	5,146	2,283	615	23,904
North Wales P. R. Society .	10,568	6,603	—	2,054	2,000	—	7,584
Midland Counties P. R. Fund	1,743	1,361	—	499	581	28	493
Monmouthshire and South Wales P. Provident Society	37,459	27,746	. . .	20,206	. . .		29,678
Midland District	14,020	3,507	. . .	—	. . .		7,456

It is evident from the above that the development of these societies has been rapid, that the society first established in Northumberland and Durham is still far ahead of all the others, but that the idea has already gained a strong footing in the rest of the coal-mining districts of England.

It remains now to sketch the main features shared in common by these societies. All of them have taken as their model the one first started by the miners of Northumberland and Durham. We will state shortly the scope of their insurance, their actuarial basis, the attempts made to amalgamate them under a supreme union, and, lastly, their machinery of administration.

The object of these societies is to mitigate, as far as possible, the economic consequences of mining accidents, as regards not only the sufferers themselves, but also the survivors, irrespective of whether the accident occurred from the imprudence of the workman himself, insufficient supervision, defective machinery, or by pure chance. The system of insurance extends, accordingly, to making a provision in the first place for the disabled workman himself, who receives from 5*s.* to 8*s.* per week. This relief is either temporary or permanent, according to the consequences of

the accident. In this matter the various societies proceed in different ways. While, for example, the Northumberland and Durham Society pays 5*s.* per week for the first twenty-six weeks of disablement, and 8*s.* per week after that period and in case of total disablement, the North Staffordshire has a different scale, paying 4*s.* per week for the first five years, 2*s.* per week for the next five years, and after that discontinuing the relief altogether. In the rules of all these societies, however, power is given to the committee of management to pension off with a lump sum a member permanently disabled. If a member is killed, burial money is payable, varying from £20 to £23, an amount more than sufficient therefore to cover the actual expenses of interment, and comprising a sum for life assurance besides. The burial money for married members is only £5, there being also a provision in this case for the widow and orphans. The widow of a member receives as a rule 5*s.* per week "so long as she remains his chaste widow, and conducts herself generally with becoming propriety to the satisfaction of the society"; and each of the children 2*s.* or 2*s.* 6*d.* a week to the respective ages of 10 and 12; and, if deprived of both parents, 1*s.* a week more. Some of these societies transfer the widow's pension, if there is no widow, to some other near person who had been dependent on the deceased member during his life-time, as, for example, his parents who are past work, or other needy relatives. The Northumberland and Durham Society, as also that of the West Riding of Yorkshire, combine superannuation with accident insurance; and the Lancashire and Cheshire Society provides also medical aid and medicines for the injured, and allows wider limits to insurance in case of death.

We will consider now the actuarial position of these societies. The statistics of accidents, the first basis of actuarial calculation, have been only partially forthcoming. So far as fatal accidents are concerned, a rich mass of material has already been collected by the Inspectors of Mines in their annual Reports; but it is different as regards the knowledge of the number and gravity of those accidents which involve temporary or permanent disablement. Here, as we have remarked also in the case of other Friendly Societies, it is necessary to proceed at first on purely

approximate results, until these results have been gradually rectified by experience, and can be converted, after a number of observed years, into at least relatively fixed quantities. A work published by Mr. Francis G. P. Neison on this subject may be regarded as the first step taken to obtain firm statistical ground for the calculation of accident insurance.* Mr. Neison takes for his authorities, on the one hand, the Reports of the Inspectors of Mines, and, on the other, the published experiences of the permanent societies, and arrives at substantially the following results. Compared with the total number of persons employed in mining, there has been a steady diminution in the number of fatal accidents during the last twenty years. The most frequent causes of accident are the falls of coal or roof. The number as well as the nature of accidents differ very much in particular districts, those in one district being often twice as many as those in another. The number of non-fatal accidents per 1,000 workmen varies from 1,400 to 1,900 annually; those involving a disablement of more than six months' range from 30 to 25; and of every 100 miners killed, 60 on an average were married and left two children.

We have mentioned already that these societies, the most modern creations of the Friendly Society movement in England, are endeavouring to carry out the new system of premiums and reserves. The large field taken in by these societies, through their making provision for widows and orphans, made high premiums a necessity from the beginning, and hence they have always endeavoured to secure extraneous aid. This aid has been freely given them by the large employers, and Mr. Neison is able to say in consequence of the permanent societies: "These organizations, supported by the joint subscriptions of the employers and employed, are based on the principle that all the incoming risks of each year shall be met by a contribution equivalent to the capitalised value of the accruing liabilities."

But however clearly and definitely the necessity was kept in

* "The Rate of Fatal and Non-Fatal Accidents in and about Mines and on Railways, with the Cost of Insurance against such Accidents," by Francis G. P. Neison. London: Harrison & Sons, 1880.

view, when these societies were first established, of giving them a firm actuarial basis, there have always been great difficulties to surmount. As will readily be understood, benefits were promised at the commencement of an amount, and under conditions, fulfilling, no doubt, if not entirely, at least to some extent satisfactorily, their special objects, but not only without any adequate means, from the want of statistical data, of accurately calculating the full premiums payable, but also without any wish or intention to impose them in full on the members, the societies calculating as a rule on a subscription of 20 per cent. from the employers. All of these societies have suffered more or less heavy losses in this respect, these subscriptions having fallen short of what was expected. The employers, it is true, have long supported the earlier existing societies of miners; but a circumstance has arisen in more recent years which has checked, at least for a while, their co-operation. This was the passing of the Employers' Liability Act of 1880. Many employers, in consequence of this Act, reduced or entirely withdrew their subscriptions, being unable, they declared, to foresee what liabilities its provisions would entail; others compelled their workmen to "contract out of the Act," which caused much bad blood; and it is only in a few places that workman and employer have agreed to ignore the Act and keep to the old relations. In general, however, here also the Act has brought about, however indirectly, a recognition of the fact that the question can only be settled by insurance. A further difficulty, as regards these societies, arises from the tendency displayed at so many of their general meetings to increase as much as possible the benefits without reference to the premiums. This tendency, is kept in check, it is true, by the more prudent and discerning element at the general meetings; but it interferes with the consolidation of the societies.* The safest means of estimating the financial position of these societies, all of which have

* The following tabular statement is taken from the annual reports of the Northumberland and Durham Permanent Relief Fund, with the view of showing the growth of this Society. But even in this, the most wealthy of the accident insurance societies, the future alone will show whether the reserves will suffice to meet the rapidly increasing liabilities of widow, disablement, and superannuation insurance. With regard to the promised superannuation

been registered under the Act of 1875, will be given by the valuations prescribed by the Act. With the results of these we are not yet acquainted; but the Lancashire and Cheshire Society, as we gather from the annual report, has an actuarial deficit of £30,000. This result, after what we have said, will surprise nobody: and we are probably therefore not wrong in conjecturing that other societies also—on account of the precarious and fluctuating subscriptions of the employers; the difficulty of carrying out the reduction of the benefits, and the raising where necessary of the premiums; and, lastly, the heavy obligations imposed all at once by some great catastrophe on societies most of which are still young, and have neither sufficient members nor a large enough reserve fund at their disposal—have yet to attain full actuarial solvency. On the other hand, we do not wish to undervalue the importance of the voluntary contributions given to the societies by public benevolence on the occasion of a great mining calamity. Thus the Northumberland and Durham Permanent

allowance of 4*s*. per week, the rules already provide for its discontinuance if necessary.

Year (ending March).	Number of Members.	Receipts.			Expenditure.					Fund.
		Contributions of Members.	Subscriptions and Donations of Employers and Honorary Members.	Interest.	Burial Money.	Widows' and Orphans' Annuities.	Disablement Annuities.	Superannuation.	Costs of Management.	
		£	£	£	£	£	£	£	£	£
1863	4,000	904	15	2	141	53	10	—	—	739
1865	7,000	1,664	33	157	284	626	342	—	—	2,191
1870	12,556	4,094	507	358	428	2,295	844	—	—	10,904
1875	44,008	24,033	3,938	835	844	5,174	7,518	206	3,394	33,588
1880	70,633	37,380	5,255	2,849	1,011	9,687	14,288	8,722	4,637	78,970
1881	75,255	44,055	8,210	3,049	2,953	11,816	15,428	9,306	5,196	89,532
1882	77,302	46,144	6,806	3,538	2,401	13,729	17,135	10,091	5,630	97,032
1883	81,603	53,050	3,423	3,824	1,946	15,429	17,962	12,837	6,482	102,671
1884	84,648	59,103	4,777	3,777	1,679	15,846	19,259	15,533	6,791	111,221
1885	86,866	61,175	4,378	4,020	1,793	16,435	20,930	17,494	7,225	116,916

Society showed extraordinary receipts of this kind, amounting in 1881 to £5,030, in 1882 to £489, and in 1883 to £384.

It would be of much greater importance, however, for the future stability of these societies were it possible to carry out a scheme, which has been mooted for some years and already partly realized, but which in its essential point still awaits completion. This scheme is the combination of all these societies into a supreme association, intended, among other things, to distribute the risks by a kind of re-insurance upon a broader basis. An attempt was first made in 1878 by representatives of the societies then existing, to form a central association. For this purpose a conference was held at Manchester, under the presidency of the High Sheriff of Lancashire and the Bishop and Lord Mayor of Manchester, in which the scheme of a general association was discussed. At a second conference, held at Manchester in 1880, this central association was formed, which has since been joined by all the societies.* Its objects, as stated in the rules, are to confer on matters of common interest, particularly the application of the Friendly Societies Act of 1875; to follow the proceedings in Parliament on this subject; to promote the establishment of new societies for insurance against accidents; and to study the question of the re-insurance of the various societies of this kind, A third conference was held in London in 1881, at which the establishment of re-insurance was demanded on all sides. It was clearly recognised that institutions based on voluntary membership, and unable moreover to cover all their obligations, might be seriously endangered—nay, possibly ruined—by great catastrophes; and that a mode must therefore be devised of giving individual societies greater support by means of a central association. This plan was also not open to the objection alway urged against re-insurance in the case of sick insurance, simulation being

* *The Provident* regularly reports the proceedings of the Conferences of the Central Association. The scheme of re-insurance is contained in the Report of the Fourth Conference, "Central Association for Dealing with Distress caused by Mining Accidents: Report of the Proceedings at the Fourth Annual Conference." London: Harrison & Sons, 1882. The President of the Association is the Earl of Crawford and Balcarres. Among the Vice-Presidents are many of the largest mine-owners in England.

almost impossible in that of accidents. Mr. Neison was accordingly commissioned to prepare a report on the actuarial arrangement of such a scheme of re-insurance, and he submitted his report at the next conference. His proposal was that this re-insurance should apply only to fatal accidents, and only to such of these as involved the loss of at least five lives; Mr. Neison's view being that ordinary risks might be borne by the societies independently, and that only extraordinary accidents required extraordinary aid. For this purpose he recommended the collection of a central fund by levying a rate from all the members of the individual societies, varying, according to his calculation, from 6*d.* to 2*s.* per year, and graduated according to the risks in the various mining districts. Out of this fund every society, which was "hit" by an accident proving fatal to more than five persons received an allowance of £100 per death. This scheme was approved in principle by the conference, and referred to the committee of management to take the necessary steps for carrying it out; but since then the whole matter has hung fire. The dread of the financial sacrifices which this re-insurance would demand from each member; the aversion to anything that even only seemed to cramp the independence of the various societies; a certain jealousy between the societies themselves; and, finally, the circumstance that it was only the rich ones which had suffered of late years by the great mining catastrophes, have hitherto interfered with further action.

The Central Association, however, has been looking about since its formation for other means of aid for the permanent societies. The sums collected on the occasion of the great mining calamities have frequently proved more than sufficient to provide for the survivors of the victims. There are several such funds in existence, administered by trustees, which from time to time grant money out of surpluses in their hands to benefit societies infirmaries, and educational, and other institutions intended for the miners. It has been rightly pointed out, however, that these surpluses could be more rationally applied to purposes of insurance, and that the present mode of spending them frequently tends to fritter away the resources. The Central Association have therefore laid it down in their rules as one of their objects

to discover where such colliery explosion funds surpluses exist, and reclaim them for the permanent societies. Their efforts have, for instance, already succeeded in getting altogether £11,800 for these societies from the Hartley Colliery Fund. There are certain legal difficulties, however, in the way of any general application of such surpluses to this purpose, the trustees hesitating to part with the capital of sums entrusted to them for a special object. The Central Association accordingly resolved at their conference in 1885 to introduce a bill for this purpose into Parliament.

The administrative machinery of these societies is the same in all. Each society's sphere of operations is territorially limited, each of them being intended, as stated in the rules, for a particular mining district. Actuarially speaking, all the members of a society form a unit, and the risk is equally divided among them all. For the purposes of management, however, they are distributed among lodges, a lodge being composed of the workmen employed in one or more adjacent pits.*

* The best insight into the administrative machinery of these societies is given by the rules of one of them, the rules of the others being substantially the same. We quote therefore at length the rules of the Lancashire and Cheshire Society. See Appendix D.

CHAPTER VIII.

CONCLUSION.

Treatment of sick and accident insurance.—Improvements affected by sanitary legislation.—Question of decrease of accidents.—Old age insurance.—Difficulties attending a large scheme of superannuation.—Financial consolidation of Friendly Societies.—Disadvantages and defects of these Societies.—Their preponderating advantages.—Question of further State supervision. Self-government of the working classes.—Hopeful prospects.

We will endeavour, in conclusion, to sum up the results obtained in the course of our account of the Friendly Societies.

Let us first bear in mind the practical extent of the various purposes of insurance embraced by the Friendly Societies. The immediate object of most of these societies is the insurance of a sick allowance and burial money; their further objects differ in extent and form. Sick insurance is, in several respects, in process of development. One important feature of this development is the provision made by the societies directly for medical attendance and medicines. The conviction is gradually gaining ground, that this insurance for medical aid is to the interest of both the insured and the society. The establishment of Friendly Society dispensaries and infirmaries is a further and useful extension of the idea of providing sick benefits not only in money, but also in medical treatment. Again, the sick benefit in the Friendly Societies has been made to go beyond its originally narrow limits, by extending, though to a lesser degree, to chronic cases and permanent disablement, and has thus become, at least partially, an insurance against infirmity. It is exactly on this point, however, that new regulations will probably be required in future, connecting the latter branch of insurance with that of superannuation pensions.

And lastly, as we have repeatedly observed, sick insurance in the Friendly Societies covers accident insurance. It is only in respect of certain great and exceptional risks that it is contemplated to deal with accidents as a separate and independent object of insurance. This, so far from leading to an intrinsically unnatural divorce of these two branches of insurance, will only further the consolidation and extension of the societies at present exclusively devoted to accident insurance, which have to deal with special and preponderating risks.

To the assistance given, in a preventive sense, to sick and accident insurance in England by sanitary measures, and the provisions of the Factory and Mining Regulation Acts, we have frequently had occasion to refer. The working classes are now gradually experiencing the effects of the change produced in the large towns by improved sanitary arrangements and better dwellings. Of the greatest importance, however, are the efforts made directly to study and put an end to the illnesses due to particular occupations, and to prevent trade accidents. The reports of the factory inspectors are now principally occupied with these questions; the regulations intended to counteract influences injurious to health or guard against accidents, form at present an important branch of mechanical science; and any one who has recently visited the large factories in England, will meet with these preventive measures wherever he goes. Certain undertakings—as, for example, the great chemical works—have entirely transformed their mode of business in consequence of these new arrangements. It will be appropriate here, perhaps, to offer a few remarks on the question whether the number of accidents in English factories has lately increased or diminished, if only by way of supplementing what we have said already with regard to the mining industry in this respect. But, unfortunately, this question, notwithstanding the information furnished annually by the reports of the factory inspectors, is not so easy to answer. In 1874 there appear to have been altogether 3,614 accidents in England, Scotland, and Wales, a total which rose steadily to 8,964 in 1884, and diminished only in 1885 to 7,623. The opinions of the factory inspectors are not quite unanimous as to whether this

numerical progression represents an actual increase of accidents. It must be taken into account—quite apart from the extension which many branches of industry have experienced since 1874—that since that year a number of industries have been brought for the first time within the range of factory legislation, and that it is only since the Factory Act of 1878 that the inspectors have been able to obtain full returns. On the other hand, great weight is laid on the fact that the extreme rapidity with which the machines are driven, and the practice--prohibited, no doubt, but not always prevented—of cleaning the machinery when in motion, have become the sources of increased danger; and accordingly it is insisted that, notwithstanding all the preventive measures, the number of accidents has relatively increased. Although we agree with those who take the contrary view, we are not in a position to prove our case by statistics; but we have been assured by competent authorities that the figures exhibiting an increase have been taken from returns which were formerly very imperfect, and which have only been strictly compiled during the last few years; and that the measures to insure safety, which have been prosecuted with energy during the last ten years, have effected a diminution in the number of accidents. But, even if we leave it quite uncertain whether there has been a decrease altogether or not, we must mention a fact which has been vouched for to us on all sides, and which we may regard as the main result of all preventive measures. The number of severe cases, in proportion to the total number of accidents of all kinds, has considerably diminished; and even if this total is as great now as it was formerly, or greater, the sum of injuries caused by all the accidents to the workmen's physical ability to work is certainly smaller at present than it was. If this fact is correct, an injury at present involves on an average a shorter period of disablement, and the number of cases of protracted infirmity is relatively smaller than previously; and the Friendly Societies have experienced in this respect an important diminution of their liabilities.

Superannuation insurance with the working classes of England is, as we have said, still in its infancy. We have seen that some well-situated Friendly Societies conduct this business, that many

employers provide for their workmen in old age, and that the large Orders have taken up schemes of superannuation, and we shall have to notice in our second volume what the Trades-unions have done in this respect. But nothing of any complete character has yet been accomplished in this field. In fact, the question has been how to mark out a suitable field for this purpose; again, it was the new premium system that gave the impulse to the movement. The Friendly Societies had observed that their practice of continuing sick allowances when a sickness, or an accident, was followed by chronic illness or permanent disablement, contained elements of danger. Although the tables of premiums took account of these continued payments, there was still no reliable basis for calculation. Mr. Ratcliffe himself admits, as regards his own calculations, which were made on the broadest statistical basis it was possible to obtain, that his tables cannot guarantee perfect accuracy in respect of the higher ages, owing to the fluctuations in all observed experiences. It is exactly among the working classes that the impossibility exists of distinguishing, at an advanced time of life, between sickness and natural bodily decay, since very often premature decline intervenes; and even the consequences of many occupations, which in early life affect health only, slowly, and scarcely perceptibly, assume a marked phase past the age of sixty, as cases of chronic illness and disablement, thus baffling any attempts of a society to calculate precisely its contingent liabilities under this head. Add to this that those Friendly Societies which proceed on the principle of extending the benefits to chronic illness and permanent disablement, caused by sickness or accident, are not always too rigorous in their application of these benefits, so that there is good ground for the warnings addressed to them on this point. Accordingly, it has been proposed—and the proposal has been recommended by the Actuary of the Registry Office, Mr. Sutton—that the age of sixty-five should be adopted as the limit at which the sick benefit should terminate, and the superannuation pension should begin. We have already observed * what support and

* *Supra*, p. 259.

sanction the experiences of the large Orders, as regards the duration of sickness, have given to this proposal. For example, according to the statistics collected by the Foresters, out of the total number of days' sickness up to the age of seventy, not half occurs previously to sixty, the majority being during the last ten years ending with seventy. Against this proposed limitation it is urged that the workman, who fell really ill at the higher age, would be worse off under the present system, since he would have to meet the expenses of his illness with the far smaller superannuation allowance.

All schemes of superannuation on a large scale are exposed to two difficulties—the one of a material, and the other of a psychological kind. So long as old age insurance, as is the case in England, is made to rest on the condition that the working classes shall pay the premiums out of their wage-income alone, and without any additional assistance, these premiums must remain beyond the reach of by far the largest portion of working men, no matter whether they are calculated independently or in connection with sick insurance. To obtain a weekly superannuation allowance of 5*s.* after the age of sixty-five, the working man must begin at twenty-five with an annual payment, according to the Foresters' tables, of 13*s.* 6*d.*, and, according to the Manchester Unity tables, of 17*s.*; and even this does not cover the expenses of management. If he insures at a higher age, these premiums, of course, increase; for instance, at the age of thirty he will have to pay annually 18*s.* 2*d.* in the Foresters, and £1 2*s.* in the Manchester Unity. Although these contributions, in case of the above-mentioned combination and separate treatment of old age and sick insurance would be somewhat lessened, it is, nevertheless, clear that only the best-paid classes of workmen could participate in such an insurance, and even these at the risk, in the event of their becoming unable to continue their contributions through loss of work or infirmity, of ultimately getting nothing. The second difficulty consists in pushing an institution, membership of which is to be optional, and which depends for its existence on the working man being convinced in early life of its necessity, and having the strength to make great sacrifices accordingly. It is admitted,

however, that the members of Friendly Societies have not yet been educated up to this degree of providence, and that, to say nothing of the money question, they have not in many ways sufficient discernment and strength to incur onerous obligations in the present, for the sake of anticipating a remote need, which, moreover, will occur at a period of life when many of them will not be living. For this reason it has been proposed to combine sick and superannuation insurance, and make the combination obligatory, thus disenabling any one to effect the former without the latter, a proposal however which, in our opinion, would fail really to meet either of the two difficulties we have mentioned. Old age insurance is, therefore, still a problem in England.

The main features of the Friendly Societies are now clearly discernible. Established as voluntary bodies, and at the workingmen's own expense, they have developed themselves into an elaborate institution, not systematically according to a plan, but as necessity dictated, and as far as the material and moral force of the working-class sufficed, and they have done this in the most different forms, and with the utmost variety of combination as regards insurance. But the most prominent feature in the present condition of the institution is the efforts being made to consolidate these societies financially under a growing system of State supervision. This, as we have seen, is being done by the transition from the old levy system to a rational system of premiums and reserves. Since, however, some objects of the Friendly Societies, such as, in particular, the temporary relief of members in distress, the providing of medical aid and attendance, and the grant of assistance to lodges unable to meet their engagements, as well as the defraying of the costs of management, must always be met by means of levies or rates, it is plain, as we have already observed, that the financial system of these societies in the future, even if the transition from levies to premiums should be completed as regards the main branches of insurance, will remain a mixture of the old and new systems. Financial reform is giving the impetus to further changes in the condition of these societies. The greater security which, not only the legislature

and Government, but also the insight and will of the working-classes are striving to obtain for the societies, imposes on them entirely new demands. It is principally owing to these demands that the large associations are taking the place of the numerous small independent societies; that the great Orders hold the field, and are absorbing many of the formerly isolated clubs; and that in various ways, by transferring certain branches of insurance to the district or the central body, by the district relieving necessitous lodges, by equalisations, and so on, attempts are being made to enlarge the basis of insurance. Side by side with these endeavours is going on the differentiation of the various branches of insurance, and here also the impetus proceeds in the first instance from the results of actuarial labours.

In calling attention to the advantages of Friendly Societies, we have not omitted to mention their disadvantages. Their greatest disadvantage appears to us to be this, that while the higher, better-paid, and therefore, in that respect, stronger grades of the working class in England are able to join the better societies, the weaker and more helpless elements of that class have not yet succeeded in effecting any system of consolidated societies; nay, more, that they always run the chance of being victimized, particularly by the large Burial Societies. This, undoubtedly, is the shady side of the entire institution, based, as it is, on the principle of self-help. It is equally undeniable that in the Friendly Society system in England there is still a great splitting up of forces, and that most of the societies are far too small to maintain an independent existence, an evil which can only be removed by a general extension of the district system. The very isolation of these numerous small societies adds to the difficulties of reform, and in the absence of any compulsory interference by the Legislature, the progress of reform must necessarily be slow. This applies, in particular, to the establishment of the actuarial solvency of the societies.

Nevertheless, we believe that the advantages of the Friendly Societies—their good and bright sides—abundantly outweigh their disadvantages. Thanks to the Friendly Societies, the conviction of the necessity of making provision, by way of insur-

ance, against the dangers incident to life, and the time of physical disablement for work, has been carried home to all classes of working-men; and, during the last few decades in particular, the knowledge of the system of insurance principles, and the determination to perfect it, have made amazing progress. Though in many respects the ways and means are still wanting to give full effect to this idea, it has nevertheless been everywhere awakened, and will not sleep till it has been realized. We must further admit that, wherever the institution has once planted a firm foot, it is able to adapt itself much more closely to existing wants than any great Government insurance institution could do. Any one can make provision in the Friendly Societies for himself or his family, in the manner that suits himself best, and this very circumstance has contributed immensely to the extension of the Friendly Society system in England. Again, notwithstanding that thousands of Friendly Societies in earlier days have collapsed, and that the solvency of many of them even now is doubtful, it would be wrong to under-rate the practical work done by these societies, or disregard the vitality possessed by an institution which, only scantily supported by the Legislature, has developed the internal vigour required to make such great progress as it has done in every respect. But the greatest advantage of these societies, in our opinion, is the social element they contain. We have already stated in our Introduction that it might be shown how the cooperation of the various working-men's associations has acquired for them a new position in the social life of England, and how it rests, therefore, with all these associations to decide not only how they are to fulfil their particular material objects, but also what share they are to take in the improvement of the moral power and economic position of the working-classes in general. The influence exercised in this respect by the Friendly Societies, as voluntary fraternities, cannot possibly be over-estimated. They are accomplishing a great work of education, they are enlarging working-men's knowledge, they are teaching him thrift and providence, they are elevating his personal sense of duty towards himself and his family. But they are also increasing

the cohesion of the working-class, and welding together elements —which, taken separately, are destitute of strength or influence— into a social power, by creating a union based on brotherly support. "The very object of the Order," so states the Preface to the Foresters' Rules, "and its immediate aim and ultimate end, are those of mutual and social assistance."

We have, therefore, good reason to assume that the English Friendly Societies contain within themselves the power necessary to develop further the system of working-men's insurance in their country. We might easily state the circumstances on which a happy solution of this problem will in future depend. Should the institution remain what it has been hitherto, an example of self-government by the working classes, the working classes themselves must contribute the material, moral and intellectual means for perfecting the fabric. A distribution of the national income favourable to these classes, the elevation of their moral level, and the enlargement of their knowledge, form the conditions and means of progress. This fundamental character of the institution would not be effaced, even should it become necessary to claim assistance from the employers, as to some extent has actually been done, in order to supplement, for certain branches of insurance, the contributions of the working-men insurers. Just as little would the independence of the working classes—which has hitherto done everything in this field—be injured if their moral and intellectual efforts were supported by further legislation in the sense of a stricter and more effective supervision by the State. It is not a question, of course, of tutelage, but of placing the supervising authority and jurisdiction, already possessed by the Chief Registrar, on the same footing as that which the State has applied in the case of factories, public health, and education.

We hope to have established the view already expressed in our Introduction, that the Friendly Societies form an important branch of the self-government of the working classes. This self-government does not possess, of course, that uniformity which perhaps might be obtained, on the field of working-men's insurance, by a State-managed system. But, notwithstanding the

defects inherent in a system of working-men's insurance based on the voluntary principle, the working-men of England are convinced of its advantages, and firmly resolved to adhere to it.

Certain it is that the social organism is everywhere experiencing a change. As to what forces and processes will ultimately bring this change to completion, is a subject on which we have our wishes and our hopes—but no certain knowledge. At any rate, it is a fortunate thing for a country, when the development of reform proceeds principally from the moral and orderly strength of that very class whose condition of life it is the main object of this reform to organize and improve.

APPENDICES.

APPENDIX A.

THE most brilliant example of the movement of reform inside the Friendly Societies is given by the history of the Manchester Unity. The gradual improvement of their system of insurance, by the transition to a rational system of premiums and reserves, has been effected by this great Order with an amount of vigour and moral energy which can already boast of a remarkable success, though even in this Order, consisting of the *élite* of the English working class, a portion of the work of reform still remains to be accomplished. We desire to notice here this course of development in the Manchester Unity, because it is precisely to its periodical valuations that the Order has been indebted for a knowledge of its true position, and has made this knowledge, during the last few decades, the starting-point of its reform.

"The Manchester Unity," says Mr. Hardwick in his "Manual" (p. 9), "is at the present time the most extensive Friendly Society in the world; yet there are members now living who recollect the time when the lodges were little more than 'free-and-easy' or convivial clubs in and about the cotton metropolis. Collections were occasionally made for the relief of brethren in distress, but there existed no regular reserved sick or funeral fund. A kind of humble attempt to imitate the mystery and pomp of Freemasonry was adopted, for the purpose of giving them a little imaginary importance, and for exciting public curiosity." After this account, no one will wonder that Neison, in the first edition of his "Contributions to Vital Statistics" (1845), should regard, as he does, from his strict actuarial standpoint, the dissolution of the Order as inevitable, unless some radical change were introduced in the system of contributions and allowances, and the Order were thoroughly reorganised. He reckoned at that time

that the deficit of all the lodges together amounted to over £9,000,000, an estimate, however, which afterwards proved to be too high. The sweeping but strictly practical criticism which Neison gave expression to in his great work, as well as in his "Observations on Friendly Societies and Odd-Fellows," gave the impulse to the great movement of reform in the Manchester Unity. How this Order laid the foundations for a proper system of premiums, by means of comprehensive statistical investigations, and the elaboration of their results, under the indefatigable labours of Mr. Ratcliffe, has been noticed by us already in the chapter on Friendly Society literature. Side by side with these literary labours went the efforts made to induce the independent lodges to adopt rational principles of insurance.

At the general meeting of the Order, held at Glasgow in 1845, it was decided to increase the contributions; and the introduction of graduated premiums followed at the general meeting at Preston in 1853. These measures of reform led at once to a great ferment in the lodges of the Order; and Mr. Ratcliffe announced, in 1858, that no less than 69,307 members seceded during the decennium ending with that year. By this means not only was a check put to the opposition against the new measures, but the financial position of the Order was also improved. At the general meeting at Birkenhead, in 1864, new tables of premiums were adopted, in accordance with the experiences of the Order between 1856 and 1860, as worked out by Mr. Ratcliffe; and in 1860, at the general meeting at Burton-on-Trent, this tariff was declared binding on all new lodges and the new members of old ones.

Since 1871 the Manchester Unity has thrice undertaken the great task of instituting, through the central administration of the Order, a valuation of all the lodges collectively, and publishing the result. The three publications for the years 1871, 1875, and 1880 lie before us, and give an instinctive picture of the progressive consolidation of the lodges.

The valuation for 1871 comprised 3,163 lodges, with 376,580 members; that for 1880, 3,452 lodges, with 472,388 members. The cost of the last valuation amounted to £4,000. The results of these valuations, as well as the circumstances that accompanied and explained them, are full of interest.

The valuation for 1870 was based on a general rate of interest at 3 per cent. on the reserves, and yielded a result which was anything but favourable.

The net value of the liabilities of all the lodges amounted to	£10,767,839
The net value of premiums	£6,865,657
„ „ invested capital . .	2,558,735
Total assets	£9,424,392

showing a total deficit of £1,343,466.

In the year 1875 the general valuation of the lodges showed a much more favourable result:—

The net value of liabilities amounted to	£11,936,279
The net value of premiums	£7,956,984
„ „ invested capital . .	3,607,126
Total assets	£11,564,110

making a total deficit of £372,168, or more than £1,000,000 less than in 1870. For this surprising result the Order is partly, no doubt, indebted to the unwearying labours of reform in many of the lodges, which took advantage of the period of high wages between 1871 and 1874 to increase their previously inadequate premiums and effect savings. At the same time, the reason of this large diminution of deficit as compared with 1870 consists also, to a great extent, in the fact that in 1875 ·56 of all the lodges received interest at the rate of 4 per cent., and only the remaining ·44 of them at the rate of 3 per cent.

In the year 1880, in the last respect, another basis of calculation was again adopted, with a view to approximate as nearly as possible to the actual relations as regards interest, which differ in the various lodges. ·66 of all the lodges were valued on the footing of a rate of interest at 3 per cent., ·18 on that of $3\frac{1}{2}$ per cent.,

and only ·16 of them on that of 4 per cent., and the following result was obtained:—

The net value of liabilities amounted to	£13,313,682
The net value of premiums	£8,435,480
„ „ invested capital . .	4,250,382
Total assets	£12,685,862

making a total deficit of £627,820. Though it is difficult to institute a proper comparison between these three financial statements of results, on account of the difference in the rate of interest, yet there are other figures which support the conclusion that the situation of the Order in 1880 was materially better than in 1871. While the number of members in all the lodges under valuation had increased during this period by 27 per cent. (in round numbers from 376,000 to 472,000), the funds of these lodges showed an increase of 66 per cent. (in round numbers from £2,550,000 to £4,250,000). The extent of the improvement becomes still more manifest if we consider the financial position of the individual lodges. In the year 1871 only 26 per cent. of the lodges under valuation were actuarially solvent, or in possession of a surplus, whereas in 1880 no less than 40 per cent. of them had a surplus, and Mr. Reuben Watson, who conducted the valuation in 1880, affirms that, altogether, 60 per cent. of all the lodges of the Manchester Unity might be fairly regarded as either absolutely solvent, or at least in a position, actuarially speaking, closely approximating to solvency.

The figures given above are taken from the valuations published by the Manchester Unity. The one for 1880 appeared at Manchester under the following title: *Valuation Balance-sheets of the Lodges of the Manchester Unity, as on December* 31*st*, 1880; *giving the number of members in each lodge, and the rate of interest on which each valuation has been computed; the estimated values of sickness benefits, and of the funeral benefits of members and members' wives; giving also the annual income and the present value of the*

contributions, and the amount of capital. The surplus or deficiency is also stated, and the amounts eliminated on account of negative values; the totals for each district and county; concluding with an explanatory report by Reuben Watson, Actuary to the Manchester Unity, Public Valuer under the Friendly Society Act. Compare "Fourth Report of the Commissioners," p. xxxviii., and the *Friendly Societies' Journal*, June, 1884, p. 76.

With regard to the other lodges, which are not solvent, Mr. Reuben Watson states as follows: "It cannot be denied or concealed, that in various respects most unpleasant revelations were made. Some lodges were found in a state of financial disorganisation which is hopeless, and portends certain ruin. It must not, however, be supposed that ruin is in every case unavoidable; this is true of only a very few lodges. There is elasticity enough in the Friendly Society system; the process of decline is slow, and may be checked, as has been done so often, when intelligent and far-sighted leaders have obtained a hearing, and their advice has been attended to. . . . It is the opposition to sound principles that in most cases is the chief cause of large deficits, and, unfortunately, open opposition still exists in a few small districts, while in others it continues to work in secret" (p. 229)

APPENDIX B.

The object of the Friendly Societies' Amendment Act, 1887, is to introduce certain amendments of detail into Friendly Society legislation. The Act extends the provisions of Section II. of the principal Act of 1875, and aims at preventing a society from being registered under a name likely to disguise its real character. Under the old law societies and branches consisting wholly of persons under age might be registered, provided that all their members were under 16 years of age. The maximum age is now raised to 21. Previously the expenses of an inspection into the affairs of a Friendly Society had to be defrayed either by the members who applied for the inspection, or out of the society's funds. Authority is now given to make past officers and members liable for these ex-

penses. Certain collecting societies are prevented from evading the provisions as to inspection by constituting themselves societies with branches. The restriction is removed which prohibited a society from holding land in a county in which it had no office. A very important provision was inserted, through the influence of the Affiliated Orders, to check secession. It enacts that a registered branch shall not be registered as a society except on production to the Registrar of a certificate under the hand of the chief secretary or other principal officer of the society, that the branch has wholly seceded, or has been expelled from the society, giving an appeal from the refusal or omission (after one month's notice) to give such certificate, similar to that from the Registrar's refusal to register.

APPENDIX C.

I am indebted to Mr. Edmund Mason, Registrar of Friendly Societies and Trades' Unions at Wellington, New Zealand, for the knowledge of his Reports of Friendly Societies in New Zealand for 1887 and 1888. From these it appears that the development of Friendly Societies in New Zealand on the basis of the Friendly Societies' Act passed there in 1882, has been analogous to that in England. It is especially noticeable that particular attention has been paid to valuations, and this with much success. We gather from these Reports that the position of the Friendly Societies in New Zealand, 1886, was as follows :—

Friendly Societies.	Number of Districts.	Number of Lodges (Courts).	Number of Members on December 31, 1886	Funds.
				£
Manchester Unity	14	127	9,620	206,025
Foresters . .	7	91	5,606	79,050
Other F. S. .	—	156	6,453	49,600

The following table also, taken from the Report for 1887, may be of interest as compared with the corresponding figures and conditions in England :—

PERCENTAGES and AVERAGES deduced from the statistics of New Zealand Friendly Societies for the years 1881–1885.

Description of Percentage or Average.	Years.				
	1881.	1882.	1883.	1884.	1885.
Mortality of members (rate per 1000 members)	7·33	6·90	7·30	7·05	7·39
Mortality of wives	3·90	3·65	4·51	4·57	4·20
Percentage of members sick	14·80	15·16	15·18	15·78	16·26
Average number of weeks' sickness per member	1·03	0·99	0·99	1·00	1·04
Average number of weeks' sickness per member sick	6·96	6·56	6·51	6·32	6·38
Ratio to total sickness (per cent.) of—					
1. Sickness experienced during first 6 months	67·53	66·44	64·53	71·02	68·05
2. ,, ,, ,, second 6 ,,	9·17	8·89	6·33	5·19	8·05
3. ,, ,, after 12 months	23·30	24·67	29·14	23·79	23·90
Average contribution per member to Sick and Funeral Funds	£1·35	£1·35	£1·35	£1·34	£1·35
Average sick pay per member	15*s.* 6*d.*	14*s.* 9*d.*	14*s.* 6*d.*	15*s.* 4*d.*	15*s.* 10*d.*
,, ,, ,, ,, sick	£5·66	£5·31	£5·20	£5·22	£5·22
Funeral donations, average per member	3*s.* 3*d.*	3*s.* 1*d.*	3*s.* 4*d.*	3*s.* 5*d.*	3*s.* 8*d.*
Average contribution per member to medical and management expenses funds (including levies)	£1·45	£1·35	£1·35	£1·38	£1·36
Medical expenses, average per member	19*s.*	18*s.*	18*s.* 11*d.*	19*s.*	19*s.* 1*d.*
Management expenses of lodges (including levies to Management Fund of central bodies), average per member	12*s.* 2*d.*	11*s.* 4*d.*	10*s.* 9*d.*	10*s.* 11*d.*	10*s.* 11*d.*
Ratio to total assets (per cent.) of—					
1. Investments at interest	62·32	57·66	58·43	59·64	59·70
2. Value of land and buildings	26·20	31·91	31·49	31·03	31·27
3. Cash not bearing interest	7·45	6·94	6·87	5·82	5·61
4. Value of goods, etc.	3·03	2·85	2·87	2·83	2·99
5. Other assets	1·00	0·64	0·34	0·68	0·43
Ratio to total investments at interest (per cent.) of—					
1. Amount on deposit with the Post Office Savings Bank	7·25	9·70	6·38	7·05	6·21
2. Ditto with other banks	22·78	20·80	21·63	19·49	17·16
3. Ditto with companies and building societies	2·10	0·56	0·97	2·32	3·39
4. Amount on mortgage of freehold property	58·37	59·01	60·89	61·67	64·56
5. ,, in Government and municipal debentures	5·41	5·71	5·69	4·91	5·60
6. ,, in shares in companies	3·68	3·63	3·58	3·67	2·01
7. Amount of other investments	0·41	0·59	0·86	0·89	1·07
Ratio to total number of members (per cent.) of					
1. No. of members under 20 years of age	3·42	4·21	4·37	5·19	4·76
2. ,, ,, from 20 to 30 ,,	34·56	36·69	36·87	36·16	35·60
3. ,, ,, ,, 30 to 40 ,,	34·18	33·74	33·16	32·90	33·54
4. ,, ,, ,, 40 to 50 ,,	20·64	19·70	19·81	19·53	19·79
5. ,, ,, ,, 50 to 60 ,,	3·83	3·90	4·04	4·58	5·40
6. ,, ,, ,, 60 to 70 ,,	0·39	0·49	0·66	0·58	0·58
7. ,, ,, ,, 70 upwards	0·07	0·08	0·09	0·08	0·10
8. ,, ,, of unspecified ages	2·91	1·19	1·00	0·98	0·23

APPENDIX D.

RULES OF THE LANCASHIRE AND CHESHIRE MINERS' PERMANENT RELIEF SOCIETY.

I.—Constitution of Society.

1. The Society is a Friendly Society, composed of an unlimited number of Ordinary and Honorary Members, and its operations shall be confined to the Lancashire and Cheshire Mining District.

II. Name of Society and Place of Registered Office.

2. The Society shall be called "The Lancashire and Cheshire Miners' Permanent Relief Society."

Its Registered Office is in England, and is in the Arcade, Wigan, in the County of Lancaster.

In the event of any change in the situation of the Registered Office, notice of such change shall be sent within fourteen days thereafter to the Registrar, in manner and form provided by the Regulation in that behalf.

III.—Objects and Purposes.

3. *Objects for which the Society is established.*—The object of this Society is the raising of funds by contributions from the Ordinary Members thereof, and by voluntary subscriptions and donations from Honorary Members, to provide a sum in case of death by accident; and in case of accident, not fatal, but where the Member is disabled, to make suitable provision for him, including medical attendance, as hereinafter provided; and in case of the death of a Member by accident, to procide for the relief or maintenance of his widow and children; or of his father, mother, brother, or sister, during sickness or other infirmity, whether bodily or mental, in old age (which shall mean any age after fifty) or in widowhood.

4. *Purposes for which the Funds shall be applicable.*—All moneys received on account of contributions, donations, admissions, or otherwise, shall be applied towards carrying out the objects of the Society according to the rules and tables thereof; and any Officer or Member misapplying the funds, shall repay the same, and be

expelled the Society, without prejudice to his liability to prosecution for such misapplication.

IV.—Terms of Admission of Members.

5. *Ordinary Members.*—All persons shall be eligible for admission as Ordinary Members who are employed in or about coal or other mines in the district; and on payment of the entrance fee and contributions hereinafter set forth they shall be Ordinary Members, and entitled to the benefits of the Society.

6. *Honorary Members.*—All persons who shall assist in supporting the Society with an Annual Subscription of not less than One Pound, or a Life Donation of not less than £10, and all Coal Owners who shall subscribe Fifteen per cent. on the amount paid by the Ordinary Members and Half-members in their employment, shall become Honorary Members.

Honorary Members may take part in the proceedings at any meeting of the Local Agency with which they are connected; they shall also be able to hold any office (local or general) in the Society; but they shall have no claim to any benefit or emolument from the funds of the Society.

V.—General Management.

7. *Constitution of the Board of Management.*—The affairs of the Society shall be conducted by a Board of Management, to be appointed at each Annual General Meeting of the Society, and shall consist of twelve Ordinary and ten Honorary Members, one half to retire each year, but to be eligible for re-election. No person under 21 years of age shall be eligible to serve on the Board. Persons to be Members of the Board, shall be first nominated by some of the Representatives present. If no more than the exact number required are nominated, the Chairman shall declare these to be duly elected; but should there be more persons nominated than are required to fill the vacancies, the required number shall be elected by ballot. Should any vacancy occur during the year, either by death, expulsion, removal, or any other cause, the Board shall have power to fill up such vacancy. The President and Treasurer shall be ex-officio Members of the Board in addition.

8. *Duties of the Board of Management.*—The Board shall meet at least once a quarter, for the purpose of transacting the general

business of the Society, seven to form a quorum. At the first meeting of the Board after election to office, they shall proceed to elect from their number a Chairman and a Vice-Chairman. The Chairman, if present, or in his absence the Vice-Chairman, shall preside at all Meetings. In the absence of both, a Chairman shall be chosen for the occasion by a majority of those present. All questions at Meetings shall be decided by a majority of the Members present; or in case of equality, the Chairman may give a second or casting vote.

The Board shall have power to superintend and conduct the business of this Society according to the rules provided for the government thereof, and shall in all things act for, and in the name of the Society, and all acts and orders under the powers delegated to them shall have the like force and effect as the acts and orders of the Society at any General Meeting.

9. *Special Meetings.*—A Special Meeting of the Board may at any time be called by the Chairman and General Secretary on their own responsibility in cases of emergency or necessity; or, on the requisition of any five Members of the Board, transmitted to him in writing, it shall be the duty of the General Secretary to call a Special Meeting, provided always that the purpose for which any Special Meeting is called shall be stated in the requisition and in the notice convening it.

10. *Expenses.*—Each Ordinary Member of the Board shall be paid for loss of time five shillings, and his travelling expenses, for each occasion on which he attends a meeting of the Board, and takes part in the transaction of business; but no Member will be entitled to this payment who is not in attendance within fifteen minutes of the time announced for the meeting. No money is ever to be taken from the funds of the Society to be spent in entertainment by the Board at any of their meetings.

VI.—General Meetings.

11. *Annual Meeting.*—A General Meeting of the Society, consisting of Honorary Members and Representatives from the various Agencies connected with the Society, shall be held annually on the third Saturday in March of each year, at such hour as may be fixed, when a Statement of the Society's transactions and position

shall be laid before the Meeting. The Meeting may decide and determine upon all matters connected with the Society.

12. *Special Meetings.*—The General Secretary shall call forthwith, giving at least fourteen clear days' notice, a Special General Meeting of Honorary Members and Representatives whenever he is so directed by resolution of the Board or by a requisition signed either by a majority of the Board of Management, or by the Local Officers of one-third of the Agencies in connection with the Society; provided always that the purpose for which any Special Meeting is called shall be stated in the requisition and in the notice convening it.

13. *Proceedings at Meetings.*—The President of the Society shall, if present, preside at all General Meetings. In his absence a Chairman shall be chosen for the occasion by a majority of those present. All questions at Meetings, whether Ordinary or Special, shall be decided by a majority of the Members present; or in case of equality, the Chairman may give a second or casting vote.

VII.—Appointment and Removal of General Officers.

14. *President and Vice-Presidents.*—At each Annual General Meeting a President and two Vice-Presidents shall be chosen from among the Honorary Members; such election to be conducted in the manner prescribed for the election of Members of the Board of Management in Rule 7.

15. *Trustees.*—There shall be at all times five Trustees to the Society; they shall continue in office during the pleasure of the Society, and be removable by vote of the majority at a General Meeting. All moneys, goods, chattels, and effects whatsoever, and all securities for moneys and other effects, shall be vested in their names, for the use and benefit of the Society.

Whenever it shall be deemed advisable to invest, sell, transfer, or otherwise dispose of any part of the Society's funds or property, the Board of Management shall direct the General Secretary to give the Trustees notice thereof.

Any vacancy or vacancies occurring in the number of Trustees shall be filled up at the General Meeting next ensuing.

A copy of every resolution appointing a Trustee or Trustees shall be sent to the Registrar of Friendly Societies in England,

within fourteen days after the date of the meeting at which such resolution was passed in the form prescribed by the Regulation in that behalf.

In case any Trustee, being removed, shall refuse or neglect to assign or transfer any property of the Society as the Board of Management shall direct, he shall (if he be a Member) be expelled the Society, and shall cease to have any claim on the Society, on account of any contributions paid by him, without prejudice to any liability to prosecution which he may have incurred.

16. *Treasurer.*—A Treasurer shall be appointed, who shall be responsible for all moneys paid into his hands on account of the Society, and also for the investment or application of the same, under the authority of the Board of Management and Trustees, and in such manner as they may direct. At each Annual Meeting, and also when required by a majority of the Trustees or Board of Management, or a General Meeting, he shall render a true account of all money received and paid by him on account of the Society; he shall also, when required by a General Meeting, or by the Trustees or Board of Management, upon demand made or notice in writing given to him or left at his usual or last known place of residence, pay over all moneys remaining in his hands, assign and deliver all securities and effects, books, papers, and property of, or belonging to the Society, in his hands or custody, to such person or persons as they shall direct. He shall, before taking upon himself the execution of his office, give security pursuant to the Friendly Societies Act, 1875.

17. *General Secretary.*—A General Secretary shall be appointed, who shall give his attendance at all meetings of the Society; he shall record correctly the names of the Board of Management present, and the minutes of their proceedings, which he shall transcribe into a book, to be authenticated by the signature of the Chairman, as the proceedings of the meeting. Demands by Agencies for advances of money under Rule 23, must be made through him. All payments made by Agencies shall be reported to him quarterly, a report of which shall be laid by him before the Board of Management at their next meeting. He shall keep the accounts, books, documents, and papers of the Society, in such manner and for such purposes as the Board of Manage-

ment may order, and shall prepare all returns and other documents required by the Friendly Societies Act, 1875, or the Treasury Regulations to be sent to the Registrar; and if any money comes into his hands he shall at once pay the same to the Treasurer. He shall also keep a correct account of all moneys paid on account of the Society, and attend to the Society's business and correspondence generally; he must balance the accounts at the end of each quarter for the examination of the Board of Management, and at the end of each year for the examination of the Auditors. The General Secretary shall, on all occasions, in the execution of his office, act under the superintendence, control, and directions of the Board of Management. He shall receive for his services from the funds of the Society, a salary to be fixed at a General Meeting upon a report of the Board of Management.

18. *Vacancies.*—The Treasurer and Secretary shall be removable by the Board of Management, who shall have power in case of a vacancy from any cause, to appoint a Treasurer or Secretary to act until the next Annual General Meeting.

19. *Officer to sue and be sued.*—The General Secretary shall be the Officer of the Society to sue and be sued.

VIII.—Local Management.

20. *Constitution of Local Agencies.*—In any Colliery or Mine in connection with the Society, a Local Agency shall be formed, or two or more neighbouring Collieries or Mines may unite and form an Agency. A Committee with a President and Secretary shall be elected annually for each Local Agency at a Meeting of the Members belonging to it, and they shall undertake to forward the interests of the Society.

The Board of Management shall have power, with the consent of a General Meeting of the Society from time to time to make Orders as to the mode of keeping accounts and conducting the business of the Local Agencies.

21. *Medical Men.*—Each Local Agency, or a group of Local Agencies, shall appoint one or more duly qualified medical men, to act for the Members, at such salary or allowances as shall from time to time be approved of by the Board of Management.

22. *Representative.*—Each Local Agency shall have the power of nominating, electing, and deputing one Representative to the General Meetings of the Society. Such Representative to be furnished with a certificate of his election, signed by the President and Secretary of the Local Agency.

23. *Duties of Secretary of Local Agency.*—The Secretary of a Local Agency shall be correspondent between the Local Agency and the Board of Management; and he shall at all times forward to the General Secretary such information regarding the Local Agency and its Members, as he may require. The Secretary of a Local Agency shall register the name, age, and condition (whether married or single), of each Member of the Local Agency, in a form to be prescribed by the Board of Management. He shall also forward quarterly a statement of the accounts of the Agency, and of the numbers of Members in such form as the Board of Management shall direct. He shall also, on the first Wednesday in every month pay to the Treasurer the balance, if any, remaining in his hands, to the credit of the Society. In case the funds for the time being in his hands shall not be sufficient to meet the demands of the Local Agency, he and the President of the Local Agency must make a demand upon the General Secretary for what is required to supply the deficiency, and the Board of Management shall then issue an order upon the Treasurer to provide him with the amount.

The Local Secretary shall also when required by the Board of Management, upon demand made or notice in writing given to him or left at his usual or last known place of residence, pay over all moneys, and deliver all books or property for the time being in his hands or custody, to the General Secretary, or to such other person as the Board of Management may appoint.

IX.—Expenses of Management.

24. The necessary Expenses of Management shall be provided for by the Honorary Members' Subscriptions, or if these be insufficient, then by a separate levy to be made at such time and to such an amount as the Board of Management shall deem necessary.

X.—Entrance Fees and Contributions.

25. *Entrance Fees.*—Any person becoming an Ordinary Member of this Society shall be charged an entrance fee according to the following scale, as provided by the Society's previously registered Rules:—

Full Member over 14 years of age . . .	1*s.*
Half-member under 14 „ . . .	6*d.*

And on payment thereof shall be entitled to a copy of these rules.

26. *Contributions.*—Each full Ordinary Member employed at collieries, the Owners of which are Honorary Members, shall pay, or cause to be paid to the Secretary of the Local Agency of which he is a Member, as follows:—If incurring underground risk, the sum of fourpence weekly, or eightpence fortnightly; if incurring surface risk only, the sum of threepence weekly or sixpence fortnightly; and each Half-member shall pay, or cause to be paid as aforesaid half these sums respectively. Each full Ordinary Member employed at collieries, the Owners of which are not Honorary Members, shall pay, or cause to be paid to Secretary of the Local Agency of which he is a Member, as follows:—If incurring underground risk, the sum of fivepence weekly, or tenpence fortnightly; if incurring surface risk only, the sum of threepence halfpenny weekly, or sevenpence fortnightly; and each Half-member shall pay, or cause to be paid as aforesaid, half these sums respectively; in respect of which he will be entitled to ten shillings per week disablement pay for Full Members, and five shillings per week for Half-members. Females may elect whether they will be full or half-members.

27. Any Member removing to another colliery or mine in the district may continue a Member by sending his name, residence, and contributions to the Secretary of the Local Agency at the colliery or mine whence he removed.

XI.—Benefits.

28. Ordinary Members, or their relatives, shall be entitled to relief in respect of such accidents only as may happen in or about the working of coal and other mines.

29. *Disablement.*—When a Member is laid off work from an

accident which has happened to him in or about the working of coal or other mines, he shall have a claim to relief as a disabled Member.

Every Member claiming such relief shall procure a certificate from the Surgeon attending him, and forward it, together with any other certificates that the Board of Management may require, to the Secretary of the Local Agency, within three days of the occurrence of the accident, who, on receiving authority from the Local Committee and the General Secretary, shall pay to him the sum of 4*s.* for the first week, and afterwards 8*s.* a week if a whole Member, or of 2*s.* for the first week, and afterwards 4*s.* a week if a Half-member, out of the funds of the Society, to continue during the whole period that he is unable to work from the effects of the accident. In cases where Colliery Proprietors contribute twenty-five per cent. upon their Workmen's Contributions, the Disablement Allowance shall be 5*s.* a week for Full Members, for the first week, and afterwards 10*s.* a week, and 2*s.* 6*d.* a week for Half-members for the first week, and afterwards 5*s.* a week.

The Board of Management shall have power to grant to a disabled Member a fixed sum in discharge of all further claim upon the Society.

Any Member injured shall, in addition to the relief herein mentioned, be entitled to the medical attendance and services of the Surgeon of the Local Agency, and to medicines ordered by him; or to relief at an Infirmary or Hospital, to be approved of by the Board of Management.

30. *Fatal Accidents.*—Persons having a claim to relief in cases of fatal accident, shall make their demands to the Secretary of the Local Agency on one of the forms supplied by the Society, and he shall forward the same, together with such certificates as the Board of Management shall require, to the General Secretary, who shall, if such claim be a valid one, at once make, or authorise, payment in respect thereof accordingly.

31. *Widows and Special Allowances.*—When any Member of this Society meets with an accident causing loss of life, subject to the provisions of Rule 33, the Funeral Allowance shall be £5; and there shall be allowed in addition for an unmarried member, £15;

Half-member, £5; and to the widow of a married Member the sum of 5*s.* per week, the allowance to continue so long as the recipient remains his chaste widow and conducts herself with becoming propriety, to the satisfaction of the Society.

In case any application for relief, by reason of an accident, which may have happened in or about the working of coal or other mines, not provided for by these rules shall be made, the Board of Management shall have power if they think fit to give such relief (if any), as they in their absolute discretion may think proper under the special circumstances of each case.

32. *Commutations.*—Notwithstanding the foregoing scale of allowances, the Board of Management shall have power under special circumstances and at their absolute discretion, on the application of the person interested, to commute the above allowances for such fixed sum as they may think reasonable.

33. *Children's Allowances.*—Each child of any married Member, whose life may be lost through fatal accident, shall receive an allowance from the funds of the Society of 2*s.* 6*d.* per week. In case the Member leave no widow or widower, or the widow or widower shall die during the time that any child is dependent on the funds, the person undertaking the care of the child or children may be allowed, at the discretion of the Board of Management, and during their approval, an extra sum of two shillings per week for one child, one shilling and sixpence for the second child, and one shilling and sixpence for the third child, so long as the children remain chargeable to the fund, but in no case shall this extra allowance exceed five shillings per week. The payments to children to continue until the age of thirteen years.

34. *Allowances to Widows, etc., of Disabled Members.*—Should any Member who has been receiving an allowance from the Society as a disabled Member, die from the effects of his accident, and leave a widow, child, or children, or other person entitled to benefit, they shall receive the weekly allowance from the funds of the Society, in accordance with Rules 30 and 33.

35. *Registrar's Certificate.*—No money shall be paid by the Society upon the death, otherwise than at sea, of a Member or other person whose death is, or ought to be, entered in any register of deaths, except upon the production of a certificate of

such death under the hand of the Registrar of deaths, or other person having the care of the register of deaths in which such death is or ought to be entered.

XII.—Arrears of Contributions, Fines, Forfeitures, Etc.

36. *Arrears.*—If any Member allow two fortnightly contributions to be in arrear, he shall cease to be a Member of the Society, but shall be eligible for readmission on payment of a fresh entrance fee. Should any Member be unable to follow his employment, in consequence of sickness, not the result of accident, for a period of fourteen days, he may, by depositing a certificate from his medical attendant with the Secretary of the Local Agency, and paying up all arrears to that time be relieved from the payment of further contributions so long as such illness lasts; but he must recommence to pay his contributions at the first collection of the Local Agency with which he is connected after he commences work, or he will be debarred all benefits of this Society.

37. *Conditions to be observed by Disabled Members.*—Should any Member be proved to have been out of his house or lodgings before six o'clock in the morning, or after seven o'clock in the evening, between the 25th day of September and the 25th day of March, and after nine o'clock in the evening during the other portion of the year, or to have been engaged in gaming of any description, or to have been in a state of intoxication, while receiving an allowance as a disabled Member, he shall for the first offence be fined one week's pay, for the second offence be fined two weeks' pay, and for the third offence be expelled from all benefits from the Society.

38. *Disabled Members wishing to try Work.*—As soon as it is satisfactorily proved that a disabled Member is able to work, the Secretary of the Local Agency shall stop his allowance from the Society. Any disabled Member wishing to try work, must first send notice to the Secretary of the Local Agency of his intention to do so, when he will be allowed four weeks' trial; and if unable to continue at work from the effects of his accident, his allowance shall be continued. If he commences work without giving notice of trial, he shall have no further claim on the Society.

39. Any person being in receipt of relief from the funds of this

Society, being convicted of felony, shall forfeit all claim to further benefit from the funds of the Society.

XIII.—Copies of Rules.

40. It shall be the duty of the Board of Management to provide the General Secretary with a sufficient number of copies of the rules to enable him to deliver to any person on demand a copy of such rules on payment of a sum not exceeding 1*s.* for non-members, and 6*d.* for members, and of the General Secretary to deliver such copies accordingly.

XIV.—Keeping and Auditing of Accounts.

41. The Board of Management shall cause the accounts of the Society to be regularly entered in proper books. Separate accounts shall be kept of all moneys received or paid on account of every particular fund or benefit assured by the Society, for which a separate table of contributions payable may be adopted, distinct from all moneys received and paid on account of any other benefit or fund. A separate account shall also be kept of the expenses of management of the Society, and of all contributions on account thereof.

42. The Board of Management shall once at least in every year submit such accounts, together with a general statement of the same and all necessary vouchers up to the 30th of December then last, for audit, either to one of the public auditors appointed under the Friendly Societies' Act, 1875, or to two or more persons appointed as Auditors by the Members at the meeting next before each yearly meeting of the Society, and shall lay before every such yearly meeting a balance sheet (which either may or may not be identical with the annual return, but must not be in contradiction to the same), showing the receipts and expenditure, funds and effects of the Society, together with a statement of the affairs of the Society since the last ordinary meeting, and of their then condition. The Auditors shall have access to all the books and accounts of the Society, and shall examine every balance sheet and annual return of the receipts and expenditure, funds and effects of the Society, and shall verify the same with the accounts and vouchers relating thereto, and shall either sign the same as

found by them to be correct, duly vouched, and in accordance with law, or shall specially report to the Meeting of the Society before which the same is laid in what respects they find it incorrect, unvouched, or not in accordance with law.

A printed copy of such report and balance sheet shall be given to each Colliery or Mine connected with the Society. The Auditors shall receive for their trouble such compensation as the Board of Management deem adequate.

The Auditors shall, one or both of them, every quarter, inspect the accounts of each Local Agency.

XV.—Annual Returns.

43. Every year before the 1st of June, the Board of Management shall cause the General Secretary to send to the Registrar the annual return, in the form prescribed by the Chief Registrar of Friendly Societies, required by the Friendly Societies' Act, 1875, of the receipts and expenditure, funds and effects, of the Society, and of the number of members of the same, up to the 31st December then last, inclusively, as audited and laid before a General Meeting, showing separately the expenditure in respect of the several objects of the Society, together with a copy of the Auditor's report, if any.

44. Such return shall state whether the audit has been conducted by a Public Auditor appointed under the Friendly Societies' Act, 1875, and by whom, and if such audit has been conducted by any person or persons other than a Public Auditor, shall state the name, address, and calling or profession of each such persons, and the manner in which, and the authority under which, they were respectively appointed.

45. It shall be the duty of the Board of Management to provide the General Secretary with a sufficient number of copies of the annual return or other document allowed by 39 and 40 Vic., cap. 32, for supplying gratuitously every member or person interested in the funds of the Society, on his application, with a copy of the last annual return of the Society, or of such other document, for the time being, and it shall be the duty of the General Secretary to supply such gratuitous copies on application accordingly.

XVI.—Quinquennial Returns.

46. Within six calendar months after the expiration of every five years succeeding the 31st December, 1875, the Board of Management shall cause a return, in the form prescribed by the Chief Registrar, of mortality experienced by the Society during the five years preceding the 31st December then last past, to be sent by the Secretary to the Registrar.

XVII.—Valuations.

47. Once at least in the five years next following the 1*st January*, 1876, and so again within six calendar months after the expiration of every five years succeeding the date of the first valuation to be made under these rules, the assets and liabilities of the Society (including the estimated risks and contributions) shall be valued in manner provided by the Friendly Societies' Act, 1875.

It shall be for a special meeting of the Board of Management to be summoned for that purpose, to decide whether the valuation shall be made by a valuer to be appointed by the Society (whom such meeting shall have power to appoint), or by an actuary to be appointed by the Registrar.

If a valuer is appointed by the Society, it shall be his duty, at the cost of the Society, to make a report to be signed by him, and which shall also state his address and calling or profession, on the condition of the Society, and also an abstract of the results of his valuation, in the form prescribed by the Chief Registrar.

On receiving such report, it shall be the duty of the Board of Management to call forthwith a Special General Meeting of the Society, for the purpose of receiving the same, and to lay such report, and the abstract thereof, before such meeting; to cause the General Secretary to forward such report and abstract to the Registrar within the six months aforesaid, together with a return containing such information with respect to the benefits assured and contributions receivable by the Society, and to its funds and effects, debts and credits, as the Registrar may from time to time require.

If the Society is to be valued by an actuary appointed by the Registrar, it shall be the duty of the Board of Management to cause the General Secretary to send to the Registrar a return, in the form prescribed by the Chief Registrar, of the benefits assured and contributions receivable from all the Members of the Society, and of all the funds and effects, debts and credits, accompanied by such evidence in support thereof as the Chief Registrar shall prescribe.

XVIII.—Inspection, etc., of Books.

48. The books and accounts of the Society shall be open to inspection of any Member or person having an interest in the funds of the Society at all reasonable times, at the Registered Office of the Society, or at any place where the same are kept, and it shall be the duty of the General Secretary to produce them for inspection accordingly.

The accounts and other books of the Society, and any papers or documents affecting its interests, shall be kept in such manner, and at such place as the Board of Management shall approve. The General Secretary shall be held responsible for their safe custody, but duplicate books, when thought necessary by the Board, together with copies of such papers or documents, duly attested as correct, shall be under the custody of one of the Honorary Members. The book in which the account of the Society's funds and property is kept, is always to be laid before the Board of Management at their Quarterly Meetings, for their satisfaction, also any other books or papers they may call for. The General Secretary shall enter every item in the books previous to the Quarterly Meetings.

It shall be the duty of the Board to keep a copy of the last annual balance sheet of the Society, for the time being, together with the report of the Auditors, if any, and of the last quinquennial valuation for the time being, always hung up in a conspicuous place at the Registered Office of the Society.

XIX.—Investment of Funds, Holding of Land, etc.

49. So much of the Society's Funds as may not be wanted for immediate use, or to meet the usual accruing liabilities, shall, with

the consent of the Board of Management, or of a majority of the Members of the Society present and entitled to vote at a General Meeting, be invested by the Trustees in such of the following ways as such Board or General Meeting shall direct: namely, in any Savings Bank, in the Public Funds, or with the Commissioners for the Reduction of the National Debt, or upon Government or real securities in Great Britain or Ireland, or upon debentures, mortgages, or securities of any company, incorporated by Charter or Act of Parliament, and paying a dividend on its ordinary share capital, or upon the security of any County, Borough, or other Rates authorised to be levied and mortgaged by Act of Parliament, or in the purchase of land, or in the erection or alteration of offices or other buildings thereon as after mentioned.

The Board of Management, with the consent of a Special Meeting of the Society called for the purpose, may in the name of the Society, purchase, or take on lease, in the names of the Trustees, any land, and may sell, exchange, mortgage, lease, or build upon the same (with power to alter and pull down buildings, and again rebuild), and no purchaser, assignee, mortgagee, or tenant shall be bound to inquire as to the authority for any sale, exchange, mortgage, or lease by the Trustees, and the receipt of the Trustees shall be a discharge for all moneys arising from or in connection with such sale, exchange, mortgage, or lease.

Mortgages or other assurances for securing money to the Society may be vacated by a receipt endorsed, signed by the Trustees, and countersigned by the General Secretary, in the form contained in the third schedule of the Friendly Societies' Act, 1875.

The interest arising from the amount so invested shall go to the General Fund of the Society. Should it be necessary to reconvert any portion of the amount so invested, the General Secretary shall, by circular, inform each Member of the Board of Management that such question is to be discussed at the next meeting. The Board of Management shall then have the power of directing the revocation of so much of the sum invested as may be found necessary, and a copy of such resolution shall be forwarded to the Trustees for their guidance.

XX.—Nominations.

50. Each Local Secretary shall keep a book in which he shall register all nominations made by Members of the Society aged 16 years or upwards, by writing, signed by them, delivered or sent to him, of any person or persons not being officers or servants of the Society, except as allowed by 39 and 40 Vic., c. 32, sec. 10, to whom any moneys payable by the Society on the death of such Members not exceeding £50 shall be paid.

The Local Secretary shall in like manner record or register all revocations or variations of such nominations by the nominator, made in writing, and signed and delivered or sent as aforesaid.

The nominator shall pay 3*d.* to the management fund for the receiving or registering of every such nomination, revocation, or variation.

The Local Secretary shall cause to be exhibited in a conspicuous place, where contributions are received, a notice requesting Members to nominate.

All nominations, revocations, or variations to be in the following form :—

(1) *Nomination.*

Friendly Society, registered pursuant to the Friendly Societies' Act, 18 .

I hereby nominate , in the county of , to receive the money payable at my death under the rules of the Society above-named.

Signature.

Witness.

(2) *Revocation.*

I hereby revoke the above nomination.

Signature.

Witness.

18 .

(3) *Variation.*

I hereby vary the above nomination as follows :—

I nominate , of , in the county of , to receive [one half] of the

money payable at my death as aforesaid in lieu of the above-mentioned.

Signature.

Witness.

18 .

XXI.—Voluntary Dissolution.

51. The Society may at any time be dissolved by the consent of five-sixths in value of the Members, including Honorary Members, if any, testified by their signatures to some instrument of dissolution in the form provided by the Treasury Regulations in that behalf, and also by the written consent of any person for the time being receiving or entitled to receive any relief, annuity, or other benefit from the funds of the Society, unless the claim of such person be first duly satisfied, or adequate provision made for satisfying such claim; the value of Members to be ascertained by giving one vote to every Member, and an additional vote for every five years that he has been a Member, but to no one Member more than five votes in the whole.

XXII.—Application for Inspection, Special Meetings, or Dissolution.

52. It shall be the right of one-fifth of the total number of Members, or if the number of Members shall at any time amount to 1,000, and shall not exceed 10,000, it shall be the right of 100 Members, or if the number shall at any time exceed 10,000, it shall be the right of 500 Members, by an application in writing to the Chief Registrar, signed by them in the forms respectively provided by the Treasury Regulations in that behalf—

(*a*) To apply for the appointment of one or more inspectors to examine into the affairs of the Society, and to report thereon.

(*b*) To apply for the calling of a Special Meeting of the Society.

Either such application to be made upon such notice to the Society, and to be supported by such evidence for the purpose of showing that the applicants have good reason for requiring such inspection to be made or meeting to be called, and that they are not actuated by malicious motives in their application, as the Chief Registrar shall direct.

(*c*) Or to apply for an investigation into the affairs of the Society with a view to the dissolution thereof.

Such application as the last aforesaid to set forth that the funds of the Society are insufficient to meet the existing claims thereon, or that the rates of contribution fixed in the rules of such Society are insufficient to cover the benefits assured, and the grounds upon which such insufficiency is alleged.

XXIII.—Arbitrators.

53. For the settlement of all disputes that may at any time arise between any Member or person claiming under or on account of any Member, or under the rules of the Society, and the Trustees, Treasurer, or other officer of the Society, or the Board of Management thereof, relative to any alleged breach of rules, or withholding the benefit of, or expelling any Member therefrom, or on any account whatsoever, every such dispute or difference shall be referred to arbitration.

At the first General Meeting after this rule is registered, five arbitrators shall be named and elected, none of them being directly or indirectly beneficially interested in the funds of the Society, and in each case of dispute the names of the arbitrators shall be written on pieces of paper and placed in a box or other vessel, and the three whose names are first drawn out by the complaining party, or some one appointed by him or her, shall be the arbitrators to act in the matter. These Arbitrators shall, as soon as possible thereafter, proceed to hear the matter in dispute, and the several parties concerned therein, and may require the production of any books or evidence by them deemed requisite, and within ten days after such hearing, they shall give their decision in writing, and deliver the same to the Secretary, which decision shall be final.

In case of the death, refusal, neglect, or incapacity of any or all of the said arbitrators, there shall, at the next General Meeting, be named and elected one or more arbitrators to act in the place of the arbitrators disqualified as aforesaid.

XXIV.—New Rules and Alterations of Rules.

54. No new rule shall be made, nor any of the rules herein

contained, or hereafter to be made, shall be amended, altered, rescinded, unless with the consent of a majority of those present at a General Meeting specially called for that purpose.

XXV.—Table of Contributions and Benefits.

Contributions.

Entrance Fees, under 14 years of age ..... 0*s.* 6*d.*
Do. above 14 years of age..... 1*s.* 0*d.*

Weekly Contribution at Agencies where Colliery Proprietors are Honorary Members:—

Surface Members, under 14 years of age ..... 0*s.* 1½*d.*
Do. above 14 years of age ..... 0*s.* 3*d.*
Underground Members, under 14 years of age ..... 0*s.* 2*d.*
Do. above 14 years of age ..... 0*s.* 4*d.*

Weekly Contribution at Agencies where Colliery Proprietors are not Honorary Members:—

Surface Members, under 14 years of age ..... 0*s.* 1¾*d.*
Do. above 14 years of age ..... 0*s.* 3½*d.*
Underground Members, under 14 years of age ..... 0*s.* 2½*d.*
Do. above 14 years of age ..... 0*s.* 5*d.*

Benefits.

Accidental Death.

Half-Member £10
Whole Member, leaving no dependent relatives..... £20
Do. leaving dependent relatives:—
Funeral Allowance £5
Widow, per week..... 5*s.* 0*d.*
Each Child under age, per week ..... 2*s.* 6*d.*

Disablement.

At Agencies where Colliery Proprietors contribute 15 per cent.:—
Half-Member, first week ..... 2*s.* 0*d.*
Do. per week after first week ..... 4*s.* 0*d.*
Whole Member, first week ..... 4*s.* 0*d.*
Do. per week after first week ..... 8*s.* 0*d.*
During the whole period he is unable to work from the effects of the Accident.

At Agencies where Colliery Proprietors contribute 25 per cent.:—
Half-Member, first week ..... 2*s.* 6*d.*
Do. per week after first week..... 5*s.* 0*d.*
Whole Member, first week ..... 5*s.* 0*d.*
Do. per week after first week ..... 10*s.* 0*d.*
During the whole period he is unable to work from the effects of the Accident.

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